A.I.D. EVALUATION SUMMARY PART I

(BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS) PD-AAY-054

A. REPORTING A.I.D. UNIT: USAID/Honduras - HRD/E
(Mission or AID/W Office)
(ES# FY88-2)

B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN?
yes ☒ slipped ☐ ad hoc ☐
Eval. Plan Submission Date: FY 87 Q 4

C. EVALUATION TIMING
Interim ☐ final ☒ ex post ☐ other ☐

D. ACTIVITY OR ACTIVITIES EVALUATED (List the following information for project(s) or program(s) evaluated; If not applicable, list title and date of the evaluation report)

Project #	Project/Program Title (or title & date of evaluation report)	First PROAG or equivalent (FY)	Most recent PACD (mo/yr)	Planned LOP Cost ('000)	Amount Obligated to Date ('000)
522-0256	GEMAH Institutional Strengthening Honduran Association of Managers and Entrepreneurs June, 1987	84	June 1988	$ 1,080 1,394	$1,000 240

E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

Action(s) Required	Name of officer responsible for Action	Date Action to be Completed
1. Consider funding for assuring the self-sustainability of the institution: a) OPG Amendment b) Endowment: working group	GEMAH, HRD, DF & CONT	December, 1987
2. Consider GEMAH as a viable organization for providing small business training.	PSP	March, 1988
3. Strengthen and diversify training resources and programs.	GEMAH	March, 1988
4. Obtain new, lower cost sources of training courses, develop additional in-company programs, and the local capacity to design and produce courses for responding to local needs.	GEMAH	June, 1988
5. Increase public sector seminar attendance to 20-25 and sales efforts for participatory management by objectives courses.	GEMAH	October, 1988
6. Increase membership including areas outside of San Pedro Sula, and involve members in evaluating financial performance and fund raising activities.	GEMAH	December, 1987
7. Install micro computer for accounting and membership service activities, and streamline accounting procedures for billing and collecting membership dues.	GEMAH	August, 1987

(Attach extra sheet if necessary)

F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION: mo 10 day 6 yr 87

G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Signature	E. Szepesy, OPP			
Typed Name	H. Reynolds	Teófilo Castillo	Carmen Zambrana	Carl H. Leonard, AMD
Date:		10/5/87	10/13/87	

H. EVALUATION ABSTRACT (do not exceed the space provided)

The GEMAH Institutional Strengthening Operational Program Grant (OPG) was designed to assist the Honduran Association of Managers and Entrepreneurs (GEMAH) to become a self-sufficient management training institution for its members and the general public. The evaluation was conducted to assess the institution's probability of becoming economically self-supporting and progress made towards realizing the project's goals. The evaluation was conducted by a two person team based on a review of project documents, interviews with GEMAH's personnel, members, clients and technical assistance advisors. The major findings and conclusions are:

GEMAH's training programs are of high quality, have been well received and recorded high rates of financial return on training investments.

GEMAH has surpassed major project goals regarding the number of courses which were to be offered and the number of people to be trained.

The project has made significant progress towards becoming a self-sustainable institution. The financial model is viable but the balance is fragile at this stage of GEMAH's institutional development.

Excellent technical assistance was provided by the American Management Association but at this stage in GEMAH's institutional development, alternative sources of training materials should also be developed.

GEMAH should be considered as a viable source of training for Small and Micro businesses.

I. EVALUATION COSTS

1. Evaluation Team

Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (US$)	Source of Funds
William Renforth	Academy for Educational Development	30	7,500	PD&S (Education) 522-9105
Marcos de Obaldía	" "	6	1,250	" "

2. Mission/Office Professional Staff Person-Days (estimate) 4

3. Borrower/Grantee Professional Staff Person-Days (estimate) 10

EVALUATION SUMMARY

I. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided)

Address the following items:

- Purpose of activity(ies) evaluated
- Purpose of evaluation and Methodology used
- Findings and conclusions (relate to question)
- Recommendations
- Lessons learned

Mission or Office: AID/Honduras - HRD/E

Date this summary prepared: August 5, 1987

Title and Date of Full Evaluation Report: USAID/GEMAH Institutional Strengthening GRANT: Project Evaluation Final Report

Purpose of the Activity Evaluated

The purpose of the project was to establish a self-financing management training institution which would be capable of providing high quality management training programs for its membership and the general public. The project was very successful in surpassing the anticipated number of courses offered and people trained. Self-financing was also very close to becoming a reality in 1986. Having met or surpassed the other major project goals, the self-financing issue became the primary concern of the Mission during the final year of the project.

Purpose of the Evaluation and Methodology Used

The evaluation was conducted to determine GEMAH's progress in becoming self-supporting; the extent to which it has developed the capability of providing high quality management training services; the extent to which GEMAH has met project goals in regard to the number of persons trained, training courses offered, and membership; to document the returns on training investments by GEMAH's clients, and the extent to which GEMAH has met private sector management training needs. The Mission also requested an analysis of a pending amendment proposal from GEMAH which would extend the PACD and provide modest amounts of additional funding.

The study was conducted by a two person team which reviewed A.I.D. project related documents, audits, financial statements, previous internal evaluations, operational manuals, promotional materials, and all course related teaching materials. The team also interviewed GEMAH's employees, Board of Directors, members, technical advisor, instructors, and clients. Training programs and other project activities were also observed by the evaluators.

Findings and Conclusions

1. The central conclusion of the evaluation is that GEMAH is a viable, well functioning institution that has made significant progress in a very short time. Training programs are of high quality, have been well received and beneficial for participants. Participants reported high degrees of satisfaction with financial rates of return of over 100% on training investments.

2. GEMAH's internal operations are efficient and the organization has been quick to change and innovate as conditions dictated. A favorable image and good relations exist with the targeted business community. GEMAH has accomplished in three years in what it has taken other such organizations five to eight years to do. The core activities of courses offered and persons trained have exceeded project goals by wide margins, at very high levels of quality.

3. The project has shown continued progress towards economic self-sufficiency, financing 83% of its own costs during 1986. The 1987 budget projects a surplus and although GEMAH is technically quite close to self-sufficiency, the balance is fragile. The financial model is viable; only attainable increases in public seminar attendance, in-company program sales, and membership are required.

4. Within the overall high level of project performance, there are some areas which require attention. The most important of these are:

a. A high degree of dependence on one course offering for financial performance.

b. Heavy reliance on the American Management Association (technical assistance) for training materials and the need to develop GEMAH's own capacity to acquire and prepare new course offerings.

Somewhat low membership levels.

Principal Recommendations

1. Training Programs

a. Expedite the training of a minimum of four instructors for the participatory management by objectives course.

b. Follow through on establishing the proposed advisory committees for business community input on training needs.

c. Broaden course offerings to include a course directed at top management, and respond to other unmet, identified training needs, such as exporting.

d. Modify existing offerings to produce new formats or industry emphasis, and vary time schedules and prices to attract new clients.

e. Develop new, lower cost course suppliers, primarily from PACCIOS members (Comité Pan Americano del Consejo Mundial de Gerencia).

f. Develop other programs in the in-company format.

g. Develop the capacity to design and produce courses for responding to local needs.

2. Financial

a. Increase average public seminar attendance to 20 - 25.

b. Reemphasize sales efforts for participatory management by objectives courses.

c. Establish a committee of members to oversee financial performance and serve as a catalyst for fund raising activities.

d. Increase membership, emphasizing a formal campaign and business community involvement in Tegucigalpa.

3. Internal Management

a. Expedite the installation of the micro computer, with member service activities as a priority, to free staff time from routine activities.

b. Streamline accounting procedures for billing and collecting membership dues.

4. A.I.D.-GEMAH Relationships

a. Modify GEMAH's amendment proposal to include sources of materials from non-AMA sources and provide technical assistance to help local instructors develop their own courses. This is a critical step for technical self-sufficiency.

b. Consider reprogramming some portion of the second year funding under the amendment to establish a permanent endowment or building fund which will assist financial self-sufficiency.

c. Consider GEMAH as a viable, alternative organization for undertaking small business training, subject to identified constraints of client access, teaching material development, and diversion of management attention.

Lessons Learned

Technical Assistance and Dependency: The American Management Association (AMA) provided excellent technical assistance and course materials, assisting GEMAH in establishing itself rapidly as a respected, high quality management training institution. The original project design and technical assistance contract did not contemplate activities for training GEMAH personnel for developing their own training materials or obtaining them from alternative sources, but relied on AMA to bring GEMAH up to speed rapidly. AMA was very successful in this area but activities for obtaining and developing alternative training to assure that institutions like GEMAH do not become overly dependent on a single source of expensive training materials should also be emphasized.

Economic Self-Sustainability: Achieving economic self-sustainability for a new institution in just three years is an ambitious undertaking. Although the project is nearly self-sufficient at the present, the balance is fragile and the Mission should consider alternatives which could strengthen GEMAH's economic balance to provide a higher degree of assurance that the institution will be self-sustainable.

Value of Management Training: The financial evaluation of the returns on training investments show that high quality and relevant management training seminars, particularly in-company programs, provide very high financial rates of return, thereby justifying investments for training of this nature. The project's management training programs were also beneficial for improving management efficiency for other A.I.D. projects which have contacted GEMAH's training programs.

K. ATTACHMENTS (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier)

1. USAID/GEMAH Institutional Strengthening

   GRANT: Project Evaluation Final Report

2. Evaluation Workscope

3. Outline of Basic Project Identification Data

L. COMMENTS BY MISSION, AID/W OFFICE AND BORROWER/GRANTEE

The quality of the final report is excellent, meeting all the demands of the scope of work.

The Mission concurs with all the recommendations and no changes or modifications are necessary. The section on lessons learned is thorough and accurate.

Several of the recommendations have already been followed and their implementation have helped to improve the project.

XD-AAJ-054-A

ISN [illegible]

CENTRAL AMERICA

EDUCATION FIELD TECHNICAL SUPPORT CONTRACT

EVALUATION

GEMAH INSTITUTIONAL STRENGTHENING GRANT

USAID/HONDURAS

A [illegible] Development [illegible] Education [illegible]

USAID-GEMAH INSTITUTIONAL STRENGTHENING GRANT

PROJECT EVALUATION

No. 522-0256 Honduras

FINAL REPORT

Prepared by:

William Renforth
Marcos G. de Obaldia

Submitted: May 20, 1987
Revised June, 1987

This report was produced under Contract No. AID/LAC-0000-C-00-6074-00 between USAID/Honduras and the Academy for Educational Development.

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PREFACE

This report is the result of a contract between USAID/Honduras and the Academy for Educational Development (AED). The contract called for AED, through the subcontracted assistance of Marcos de obaldia and William Renforth, to perform consultant services to assist USAID/Honduras and Gerentes y Empresarios Asociados de Honduras (GEMAH) in evaluating the USAID - GEMAH Institutional Strengthening Grant.

Contract services were performed under the policy guidance of Henry Reynolds, USAID/Honduras Education Officer. Further operational guidance was provided by Ned van Steenwyk, Project Liason Officer, Orlando Hernandez, Evaluation Officer, and Ted Landau, Project Support Officer, with the active cooperation of GEMAH and all of its employees.

The evaluation, descriptions, conclusions, and recommendations contained in this study are the product of this independent evaluation and are the sole responsibility of the evaluators. No endorsement of the material in this report by AID, GEMAH, or any other institution is implied or inferred.

ACKNOWLEDGEMENTS

The authors of this report gratefully acknowledge the cooperation, assistance and technical guidance provided by the Office of HRD, USAID/Honduras and the staff involved in the project. The exchange of views and discussions with all were productive and useful.

Special thanks is due to Mr. Ned van Steenwyk, Project Liason Officer, who was especially helpful in providing reports and other information about the project, sharing his experiences in many conversations, arranging appointments, and facilitating coordination with GEMAH staff. GEMAH officers were most cooperative in providing access to records, discussing activities, scheduling interviews, and providing work space.

Interviews with GEMAH staff, instructors, participants in the training programs, and the AMA technical Advisor, Mr. Jose Urdaneta, greatly facilitated the task. All deserve commendation for taking the time to participate in this study. That so many busy businesspeople were willing to discuss the project at length and often on short notice is one additional testimony to the enthusiasm, interest, and favorable reaction generated by the project.

Finally, the excellent support services provided by the National Employment Service of CADERH, especially Ms. Aleyda Ruiz and Mr. Hendricks, in preparing the typewritten report is acknowledged and appreciated.

EXECUTIVE SUMMARY

Purpose of the Evaluation

The overall purpose of this report is to provide an end of project evaluation of Gerentes y Empresarios Asociados de Honduras (GEMAH). As such the general objective is to measure the results achieved in relation at the stated purposes and outputs of the project. The specific evaluation focuses on:

GEMAH's progress in becoming a self-financing institution, the extent to that it has developed the capability of providing high quality management training services and is meeting project goals in regard to the number of persons trained, training courses offered, and membership. The evaluation also document the returns on training investments made by large, medium, and small business which have contracted GEMAH's training programs; and conducts an analysis of GEMAH's proposed activities of offering in-plant technical assistance and developing new course offerings. The evaluation documents the extent to which GEMAH is responsive to private sector needs, dependent on outside technical assistance, and capable of participating in small business development activities.

Methodology

Four study methods were used to obtain the information on which the review is based. These included:

1.- Documentary review of AID project related records including the grant agreement, program description documents, project files, and previous progress reports.

2.- Documentary review of GEMAH records, including financial statements, annual reports, accounting records, operations manuals, promotional materials, and all course related teaching materials.

3.- Interviews with all GEMAH employees, officers, and selected members; discussions with USAID staff involved in the project, instructors in the training programs, course participants, and the AMA technical advisor. Structured interviews with the general managers of firms which have contracted in plant training services, using a standardized interview protocol, were carried out to obtain information related to the economic returns on training expenditures, the quality of instruction, and the strengths and weaknesses of GEMAH. When possible costs and increased income associated with training were cross-checked with available

financial statements and accounting records.

4.- Direct observation of GEMAH activities, meetings and training programs.

Major Findings

1.- Financial self-sufficiency.

GEMAH has shown continued progress toward self-sufficiency in training, with uncovered total (direct plus overhead) training costs exclusive of technical assistance equivalent to only 17% of training revenues at year end 1986. The 1987 budget projects a surplus of Lps. 93,000 in training activities and of Lps.57,000 for the organization as a whole. These projections seem optimistic and a more realistic budget would project a modest surplus in training activities and a slight deficit for the organization overall.

One product, GPPO taught in-company, accounts for nearly half of revenue and 80% of training contribution. Public seminars, primarily because of low average attendance, consistently operate only slightly above direct cost breakeven and hence do not generate significant contribution, but have the potential to do so with only modest increases in attendance. Revenue from membership income is consistently below levels needed to cover the total costs associated with that activity. Consequently little funds are available for membership service activities and training must generate a surplus of Lps. 36,000 (basis 1987 budget) to cover the shortfall.

The above facts suggest that GEMAH is dependent on the financial performance of GPPO for self sufficiency. As of April 31, only 10 of the 18 sessions budgeted had actually been sold, placing GEMAH about Lps. 40,000 behind reasonable budget for contribution from this source. There is a high probability that 9 programs will be offered in June and that a contract for 13 more will be signed shortly, which would compensate for the earlier shortfall.

The conclusion is that although GEMAH is technically quite close to self-sufficiency, the balance is fragile. The financial model is viable; only attainable increases in public seminar attendance, in company programs sales, and membership are needed.

The Tegucigalpa office appears close to financial self sufficiency now. The 1987 budget projects a surplus of income over fixed costs of Lps. 112,450. If adjustments are made of Lps. 50,000 for likely overestimated DIF income,

Lps. 10,000 for accounting and other support services provided by San Pedro Sula, and income from present Tegucigalpa members is assigned to San Pedro Sula (following the budget) then a budgeted surplus of Lps. 52,000 results, a reasonable cushion. Through April 31, 4 public seminars (3 budgeted) and 5 in company programs (12 budgeted) have taken place. The shortfall of 7 in company programs represents a loss of about Lps. 36,000 in contribution. This means that about 60% of the likely budget surplus has been used. Close attention to marketing these programs is required now. In the long run the Tegucigalpa office would benefit from a formal membership drive and public awareness campaign. To that end an advisory board of Tegucigalpa business people should be established to enhance involvement.

2.- Evaluation of technical and administrative capacity.
Administrative capacity is high. Management is well qualified capable, and quick to react. Staff overhead is reasonable and efficient. Expected management tools of budgets, operational manuals, job descriptions, and specific objectives are available and used. Two aspects of administrative capability are unique and effective: A skilled executive director with significant private sector experience, and an information and accounting system which does a reasonable job of providing relevant, timely data. Overall management effectiveness compares very well with that of older, well established training institutions in the region.

Management has responded quickly and well to changing opportunities by streamlining staff to levels considerably below those planned, pioneering the in company training format in Honduras, responding to unanticipated public sector training demands, developing community service activities, and modifying membership recruiting policies.
Technical capacity for providing high quality training is good. Facilities in both San Pedro Sula and Tegucigalpa are appropriate and adequate. The pool of local instructors is well educated, highly enthusiastic, and impressive for its significant level of responsible business experience. The courses purchased from the AMA are well designed, organized, and proven teaching vehicles, although somewhat dated. The high level of satisfaction reported by participants is reflective of a quality training program. Following the AMA model, GEMAH's course portfolio is heavily weighted toward general management topics of wide applicability, designed for 2 day full-time presentation. Courses aimed at top management, focused on specific industries, or dealing with topics of current interest are underrepresented. One course, GPPO delivered in company, dominates in terms of numbers of offerings and profit contribution, which is a concern. A second concern is that GEMAH has yet to develop on its own any courses, although initial steps are underway. Developing this capacity and cultivating additional sources of

purchased materials are priorities for long term technical viability.

3.- Project performance in regard to goals for membership, number of persons trained, and number of training courses offered.

Goals for the end of the project called for 400 members, 2,410 persons to be trained, and 67 training courses offered. Actual performance will be 168 members, 2,830 persons trained, and 150 training courses offered.

GEMAH has exceeded its targets by wide programs in the critical areas of courses offered and persons trained. More importantly, these programs have been well received and participants report high levels of satisfaction. Thus, quality has not been sacrificed to obtain quantity.

GEMAH membership has been stable at present levels for the last three years. In part this resulted from a 1985 decision to emphasize company memberships, instead of individual memberships, which was agreed to by AID. This had the effect of reducing membership potential, but increasing average income (company annual dues are US$300.00, individual US$150.00) and reducing attrition. This membership level generates income of US$3,058 per month, compared to administrative and overhead expenses related to membership activities of about US$8,158 per month. This gap results in low direct expenditures for membership activities and a need for the training activities to subsidize membership, the reverse of the situation in other comparable institutions.

4.- Extent to which products are delivered participant expectations met, and changes needed in marketing strategy.

Available evidence suggests that GEMAH delivers the products it has to sell and participants believe they receive what was advertised, as evidenced by:

- Very high participant evaluations of the public seminars
- High financial returns to GPPO participants
- High instances of repeat purchases and word of mouth recommendation, documented in Section E.
- An Average response of 1.7 (1 highly agree - 5 highly disagree) to the statement "The Training program provided what I expected" by 21 executives interviewed.

The interviews conducted reinforced this overall positive impression, but three problems areas were identified:

1. Difficulty in scheduling the follow up consulting purchased as part of the GPPO course.

2. Perceived outdatedness of the multimedia programs.

2. Perceived outdatedness of the multimedia programs.

3. A mix of audience characteristics at the public seminars, which occasionally resulted in some participants feeling the program was not appropriate for their needs or expectations.

These observations were mostly applicable to early stages of the project. Corrective actions taken include developing local instructors to assist with the GPPO work, deemphasizing the multimedia programs, and familiarizing salespeople with course content and desired target audience.

Overall marketing strategy has functioned well. Emphasis of the AMA relationship has enhanced credibility; in plant programs have been well received and profitable; the "top-down" entry strategy has created a very favorable climate for programs among the decision makers who authorize attendance. Survey results indicate that 80% of the managers in GEMAH's target group have seen GEMAH newspaper advertisements and 67% have received the course schedule brochure. Members are visited monthly by the membership director.

Marketing efforts could be finetuned by:

1.- Developing new courses to fill identified training gaps, and reach new audiences.

2.- Experimenting with price and schedule changes to reach new market segments.

3.- Reemphasizing efforts to attract new members.

4.- Reviewing incentives offered salespeople to be sure they emphasize increasing public seminar attendance.

5. Beneficiary satisfaction.

Beneficiary satisfaction is quite high, and compares most favorably with the most well received programs at other training institutions with which these evaluators are familiar. Financial returns attributed to GPPO courses by managers are quite high, which has enhanced satisfaction and produced favorable word of mouth recommendations. The overall image of GEMAH is positive in the business community, which suggests general satisfaction.

The acid test of satisfaction is repeat purchases and recommendations to others. Evidence is satisfaction on this point is quite high:

- 9 of the 32 institutions using GPPO have purchased more than one offering.

- 2 managers have used the GPPO course upon changing jobs, based on positive experiences in their previous companies.

- The 1986 INTAE survey of 235 firms revealed that 112 of the 117 (96%) firms who have used GEMAH programs would do so again.

- 70% of those attending public seminars indicate they have done so upon the recommendation of their boss.

Evaluations completed by public seminar participants in 1986 rated the overall course, using a 1 to 20 (highest) scale at 18.45 (based on courses, not weighted for participants), which corresponds to the excellent category.

6. Economic Evaluation of Returns to Training

The financial and economic benefits resulting from training were analyzed using 7 alternative methodologies, suggested as a result of a review of the literature and conversations with AID personnel officials. The methodologies considered training costs from the perspective of both management estimates, actual firm costs (including course fees, related expenses, and value of management time), and social costs (which included the AID technical assistance subsidy). Net benefits were variously calculated on the basis of a subjective management estimate of time required to recover training costs (which implies an estimated return), profit improvements which management believed resulted directly from the training experience, and the overall change in firm profits for the years immediately before and after training (obtained from accounting records). Eight private sector firms, selected from the 14 who had received the GPPO course in the in company format, provided the data on which the analysis is based. Although small, the sample is believed representative of the characteristics of firms who have taken this course.

The results of the analysis indicate that net annual returns to the investment in this training have been quite high, averaging 749% for all 8 firms, considering all 7 methodologies. The average return per firm across the 7 methods ranged from 121% to 1,878%. The most restrictive of these methodologies considered full firm costs plus social costs and restricted benefit estimation to profit improvements believed to result directly from training. In the judgement of these evaluators this is the one best, reasonable, conservative estimate available. That methodology indicated an average net annual return of 121%.

Results were disaggregated for comparison between large and medium size firms (no small firms have ever taken the course). The average return considering all methods for large firms was 935%, compared to 441% for medium size

firms. This difference was accounted for by substantial differences, by firm size, among the methodologies using actual profits in the calculation. Estimates based on returns directly attributed to training outcomes were quite comparable. The small size of the sample makes detailed comparisons difficult.

As is true in all benefit-cost studies, data are crude, estimates gross, time periods non-comparable, and definitions and assumptions arbitrary. Notwithstanding these limits, the range of estimates suggests that the conclusion of high returns is warranted. This is reinforced by the high levels of satisfaction documented in section E of this report.

To put this analysis in context it is noted that returns to vocational education in Latin America are considered superior to those from other types of education. Estimates of voc-ed returns range from 15 to 120%; returns to physical capital average 12.8%.

7. Impact of training.

Two separate approaches were used to estimate employment generated by the training for the 14 private sector firms who had received the GPPO course. The first approach considered both jobs which management attributed to direct training outcomes and also changes in overall firm employment for the financial reporting years immediately before and after the training. The data generated suggest that the 14 firms identified additional jobs (7 male, 4 female) as a direct consequence of the training. A net of 13 new jobs (2 male, 11 female) were created overall in the financial period following training. This later statistic is influenced significantly by one firm that reduced employment, for reasons unrelated to training during that time. Excluding that firm a net of 74 (51 male, 23 female) jobs were created, which seems the best estimate.

The second approach considered potential new jobs that could be generated from the financial activity resulting from the course. Two estimates were used here, one based on cost reduction or profits believed by management to have resulted directly from the course. The second is based on change in firm sales between the financial reporting years immediately before and after training. The first estimate suggests that a maximum of 94 jobs could have been created (62 male, 31 female); the second 370 (247 male, 123 female). Naturally not all improved financial performance or sales activity would be devoted to job creation. For this reason the latter two estimates are best regarded as ceilings, with actual job generation below those levels.

8.- Review of GEMAH amendment proposal for in plant training.

The proposal requests US$312,100 to present 168 in company training programs, obtain 300 days of AMA technical assistance, purchase 12 new AMA courses and train 16 new instructors. From a technical stand point GEMAH will have no problems doing this. The majority of the offerings are likely to be GPPO; other courses indicated have been taught before as public seminars by local instructors. Capacity to absorb courses purchased from AMA is well established. The most important issue is that the amendment merely continues the status quo and does not contribute towards resolving the three prerequisites for GEMAH technical self-sufficiency: internal capacity to develop its own courses, ability to purchase courses from other suppliers who are within GEMAH's own means financially, and training more GPPO instructors. For this reason it is important for AID to consider directing some of these funds toward specific mechanism to assist these areas.

The amount of AMA technical assistance requested seems excessive, compared to the tasks and GEMAH's previously developed capabilities, especially in the second year. AID may want to consider reprogramming about half of the amount requested into a permanent endowment, or a building fund. Both would help insure GEMAH financial self-sufficiency in the future.

Several less important technical points in the proposal deserve attention. First, the courses proposed for in plant presentation (except GPPO) were not designed for this purpose and may require modification or development to be taught effectively. Second, the majority of these courses, in contrast to GPPO, deal with department level functions This implies small participant groups. There may be reluctance to incur the costs involved for training at this level, and market potential may be limited to the larger firms. This suggests that some difficulty in reaching course and participant targets may result. The Inter-Company format is unlikely to be attractive to most firms who desire confidentiality. Third, estimates of number of courses to be taught seem high, compared to previous levels, especially considering that the market for the more specialized functional courses is narrow. The proposal does not specify if funding is for additional activity, or merely supplants activity that would have taken place anyway. This implies that revenue estimates, especially for DIF, may be high.

There is no reason to believe that returns for the GPPO course will differ from previous offerings. This accounts for the majority of courses to be taught. Returns for the other functional courses are likely to be lower, in proportion to that particular department's overall role in the company. For business as a whole this implies a return

of about 32 % of GPPO levels, assuming 3.1 departments per company.

9.- Private Sector Perceptions

Overall private sector perceptions are positive. GEMAH is regarded as young, dynamic, professional and associated with mostly medium sized local firms and multinationals, instead of the traditional business and commercial elite. As a young organization GEMAH is frequently associated with the images of its individual members and director, which are uniformly positive.

GEMAH is most closely identified by its training activities; awareness of other undertakings is low. An effective marketing campaign has resulted in wide knowledge of their training activities. High levels of participant satisfaction and resulting word of mouth recommendations have enhanced this general image. Training activities are closely identified with the AMA, which gives status, prestige and credibility, but may constitute a transition problem later.

Individuals interviewed in connection with this study view GEMAH as a lively, expensive organization with a foreign tint. Programs are seen as fairly standard, useful, and delivered by an excellent professor, which produces a high degree of overall satisfaction.

10.- Extent to which AMA programs meet needs and identification of unmet needs.

AMA courses seem to do a good job of meeting private sector needs in the areas offered for these who have participated. Evidence of this is provided by the level of financial benefits reported (6 above) plus very high levels of reported participant satisfaction (5 above), word of mouth recommendations, repeat purchases, and highly favorable, consistent positive evaluations of courses by participants. Since no one set of offerings can meet all needs of all people, training gaps still remain. Few offerings have addressed top management, specific business functions or industries, or current topics of business interest. Previous studies have identified substantial demand, but no supply, for training in exporting, labor law, export company management, effective oral and written communication, personnel and production. The interviews conducted for this evaluation evidenced unmet needs for training in microcomputer applications, quality control, public relations, international trade, agribusiness, and specific business activities areas, such as port and airport management, and travel agency management.

Following AMA practices, almost all courses are scheduled

Following AMA practices, almost all courses are scheduled two days per week 8:00 AM- 5:00 PM. There is strong evidence that managers prefer courses scheduled in late afternoons, evenings, or weekends. Experimentation with different schedules, shorter formats, and various price levels might increase accessibility for many, especially in the service and commerce sectors.

11. GEMAH's capability to participate in AID's small business Development Activities.

Five components are required for an effective system of small business training:

- a well defined client group
- Carefully constructed courses with appropriate topics, materials and instructors.
- Adequate physical facilities
- A delivery system to reach clients
- An effective management system to control activities.

Evaluation of GEMAH against these requirements indicates that it presently has many of the characteristics needed to provide small business management training. These include an excellent management team and management system which could be extended to those activities, a large, appropriate local instructor group, adequate physical training facilities in the two major cities, and access to the network of Latin America institutions doing similar work. Other critical capacities are not present and would need to be developed. These include the ability to access the client group, since GEMAH's current membership base and networks are different and the capacity to obtain and develop teaching materials, since current offerings and programs are in no way appropriate. Also important is the fact that GEMAH has no financial resources to contribute, even on a cash flow basis. Full support for start up, materials development, and direct costs would be required.

Several strategic issues are raised by this possibility. Economies of scale and cost efficiency in overhead and facilities would result, benefiting both projects. The activity is consistent with GEMAH's mission, its business oriented image is favorable, and good working relationships with AID exist. Less positive issues are the possibility of diverting scarce management skills into another area at a critical stage in GEMAH's development, a possible inconsistent image to that preferred by some current membership, and a financial risk if planned complete support for the small business training does not materialize. The overall conclusion is that GEMAH is a viable alternative to consider for this activity.

12. Dependence on Technical Assistance

All of GEMAH's teaching programs have been purchased from the American Management Association and their instructors initially taught each offering. A group of local instructors has completed training and began instructing on their own, giving GEMAH local capabilities to handle 19 of the 24 courses purchased. A second group of instructors is in the final stages of training. This will provide a total of 44, giving good coverage and back up. The AMA technical adviser has been most actively involved in selling and teaching about 75 % of the offerings of the critical GPPO course. Only one local instructor is currently trained and teaching this course independently, although more are in training. This poses a capacity constraint which is a concern both now and later.

High costs mean that GEMAH can not continue to purchase AMA materials after external support ends. Yet to date no demonstrated internal capacity to develop new courses, or purchase courses from other less expensive sources exists, although initial efforts along these lines are underway. Expediting these effort must be a priority concern.

GEMAH is not at all dependent on AID staff for technical assistance at this stage of the institutions development, although during the initial six months of the project no active AID involvement was required as project implementation began and critical changes in personnel were made.

CONCLUSIONS AND RECOMMENDATIONS

The central conclusion of this evaluation is that GEMAH is a viable, well functioning institution that has made significant progress in a very short time. Training programs are of high quality and, most importantly, have been well received and beneficial for participants, who report high degrees of satisfaction. GEMA's internal operations are efficient, the organization has been quick to change and innovate as conditions dictated, and the businesslike quality of management is excellent. A favorable image and good relations exist with the targeted business community. In this sense GEMAH has accomplished in three years what it has taken other such organizations 5-8 years to do. The core activities of courses offered and persons trained have exceeded project goals by wide margins, at very high levels of quality. There is no doubt the AID has received good value for the time and money devoted to this project.

Within this overall high level of performance, some areas requiring attention do exist. The most important of these are:

1. A high degree of dependence on one course offering for financial performance.

2. Heavy reliance on the AMA for course development and teaching materials.

3. Somewhat low membership levels.

4. Development of independent capacity to acquire new courses.

Specific recommendations to facilitate these adjustments are:

1. Training Programs

   a. Expedite training of 4 more local instructor for the GPPO course.

   b. Follow through on establishing the proposed advisory committees for business community input on training needs.

   c. Broaden course offerings to include a course directed at top management, and respond to other unmet, identified training needs, such as exporting.

   d. Modify existing offerings to produce new formats or industry emphasis, and vary time schedules and prices to attract new audiences.

   e. Develop new, lower cost course suppliers, primarily from among PACCIOS members.

   f. Develop other programs in the in-company format.

   g. Develop capacity to design and produce courses, responding to local needs.

2. Financial

   a. Increase average public seminar attendance to 20-25.

   b. Reemphasize sales efforts for the GPPO program

   c. Establish a committee of members to oversee financial performance and serve as a catalyst for fund raising projects.

   d. Increase membership, emphasizing a formal campaign and business community involvement in Tegucigalpa.

3. Internal Management

   a. Expedite installation of the micro computer, with member service activities as a priority, to free staff time from routine activities.

b. Streamline accounting procedures for billing and collecting membership dues.

4. AID-GEMAH Relationships

A. Regarding the amendment proposal for in-plant training:

1. Modify first year activities to include the source of materials from non-AMA sources and technical assistance to help local instructors develop their own courses, critical steps for technical self-sufficiency.

2. Clarify incremental level of activities generated in regard to current programming levels.

3. Consider reprogramming (some part of) second year funds to establish a permanent endowment or building fund which will assist financial self-sufficiency.

B. Regarding GEMAH's role in AID small business activities.

1. Consider GEMAH as a viable, alternative organization for undertaking small business training, subject to identified constraints of client access, teaching material development, and diversion of management attention.

PREVIOUS EVALUATIONS

Previous evaluations provide useful information on the performance record of the project and document significant developments over the 3 year life of the project. Three types of evaluations were reviewed:

1. AID internal quarterly, semi-annual, and annual project reports

2. An AID audit of GEMAH, conducted on September 11, 1986

3. GEMAH'S annual reports for 1985 and 1986, which are informative, rather than evaluative.

In all cases the overall findings and conclusions were salutary in that the project has consistently surpassed the major goals and expectations initially formulated. Significant observations arising out of these reports are:

1. The administrative structure was streamlined and reorganized following the resignation of the first executive director in September, 1984.

2. The need to increase the number of courses offered and reduce costs in light of lower than planned seminar attendance was noted. Projections were for 50 and average has been 15.

3. The expansion of GEMAH'S GPPO course to the public sector, especially programs receiving AID administrative assistance, was recommended.

4. The in plant format was instituted, with resulting increased demand on the national level for porgrams.

5. Funding to open a branch office with training facilities in Tegucigalpa was approved to increase training impact and achieve economies of scale.

6. Emphasis on securing institutional rather than individual members was approved.

The overall picture presented is of an organization that has been effective in reducing costs and responding to new opportunities.

DEVELOPMENT IMPACT

The development impact of the project is discussed in sections F and G, evaluation findings. In addition to the economic and employment consequences discussed, there, the project has other important impacts:

1. Improved management efficiency for companies, government agencies, and individuals. The in-company format has been especially effective in improving overall communication, goal setting, and management effectiveness. Since recipients are primarily large companies or government agencies located at strategic points is the economy, the leverage represented by even minor improvements in operating effectiveness is important for development.

2. A convincing demonstration of the effectiveness of management training, which contributes toward a more favorable climate for training in general. As documented elsewhere in the report, Honduran managers have traditionally been reluctant to spend for training and sceptical of results. The efforts of GEMAH and the success of its programs indicate that this attitude is changing, especially among top managers. Given the resources now being devoted to human resource development in Honduras assistance programs, the GEMAH experience has contributed by developing receptivity for training. This will make more effective use of these resources possible.

3. The development and training of a corps of 42 local instructors. Since most of these individuals presently teach part-time in local universities, this represents a significant, concentrated impact on local business academic programs by indirectly improving their faculty.

4. Enhancement of GEMAH'S own institutional capabilities and credibility, which allow it to participate meaningfully in the development process. Examples of this include public service consulting activities with city governments, the San Pedro Sula police, and airport authorities. The institution also participates in inter-institutional human resource development efforts, which multiply its capabilities. Thus, spin-off contributions of the expertise created in GEMAH are delivered in other areas.

advertisements, direct mailings to members or other appropiate prospects, and GEMAH salesmen's visits. These programs are held, usually, in GEMAH's facilities and are intended to attract a diverse group, from a variety of public and private sector institutions. The original project design for the GEMAH training program contemplated that all course offerings would follow this format. In Company Programs are delivered specifically to a group of employees from one company only, often at their site. This delivery mechanism evolved quickly after

EVALUATION FINDINGS

A. Financial Self-Sufficiency

The development of financial self-sufficiency for GEMAH at the end of the project is perhaps the most important anticipated outcome. The financial self su ficiency of GEMAH was analyzed for the purposes of this report from three perspectives:

1. Based on 1986 actual perfomance
2. Based on 1985 actual perfomance
3. Based on 1987 budgeted perfomance
4. Based on 1987 year to date perfomance

The analytical approach is that of contribution analysis, based on first identifying the central core of fixed costs associated with GEMAH as an institution and then examining the ability of income producing activities to generate sufficient funds, over and above the costs directly associated with carrying out these activities, to pay for the fixed or overhead costs. From this perspective training activities are viewed as being required to "contribute" revenue over and above their direct costs to support the overhead and infrastructure provided by GEMAH.

The fixed costs currently incurred by GEMAH total Lps. 33,055 per month and basically provide personnel, physical facilities, and office supplies. Since these costs are known and controllable by GEMAH, they are the most logical starting point for the analysis. Moreover, these fixed costs seem reasonable, given the nature and scope of activities, which reinforces the idea of a minimum fixed cost base which must be covered. As discussed in the section on GEMAH management, the number of employees is reasonable and all are occupied at productive levels. Indeed, in one sense, a significant amount of fixed cost reduction has taken place because total personnel and total salaries are significantly below levels called for in the original program proposals in both San Pedro Sula and Tegucigalpa. Also, salespeople are on commission against salary and, hence, can be viewed as a variable cost assigned to public seminar revenue. Duplication of support services, such as accounting, has been avoided in the expansion to Tegucigalpa.

The analysis is complicated by the fact one set of fixed costs supports two separate, identifiable activities: membership services and training. The assignment of fixed costs to each activity is presented in Table A.1. If the earnings of salespeople are excluded from the analysis, which is reasonable since their earnings are assigned as commissions to the public seminars each month, then GEMAH must generate a contribution of Lps. 16,739 per month to cover the fixed costs of training program and

TABLE A.1
ALLOCATION OF OVERHEAD
(GASTOS DE ADMINISTRACION)
IN LEMPIRAS PER MONTH

SAN PEDRO SULA

ITEM	AMOUNT	MEMBERSHIP		TRAINING	
SALARIES		L.	%	L.	%
Executive Director	7000	4200	60	2800	
Executive Secretary	900	900	100	0	0
Finance Director	950	380	40	570	60
Membership Director	700	700	100	0	0
Logistics Supervisor	450	90	20	360	80
Accounting Assistant	375	150	40	225	60
Secretary, Sales Dep	350	105	30	245	70
Program Director	2000	0	0	2000	100
Salesperson #	1100	0	0	1100	100
Salesperson #	1100	0	0	1100	100
Conserje	225	135	60	90	40
Sub Total	15150	6660		8490	
Social Security	300	100	33	200	67
Rent	1670	1114	67	556	33
Electric	400	267	67	133	33
Telephone, Mail	1300	1040	80	260	20
Depreciation	1100	733	67	367	33
Other	4710	3610		1100	
Sub Total	9480	6864		2616	
Total	24630	13524		11106	
Total excluding sales people	22430	13524		8906	

TEGUCIGALPA

SALARIES					
Consulting Director	3000	0	0	3000	100
Secretary	600	0	0	600	100
Salesperson	900	0	0	900	100
Conserje	225	45	20	180	80
	4725	45		4680	
Social Security	100	0	0	100	100
Rent	1500	500	33	1000	67
Electric	300	100	33	200	67
Telephone, Mail	600	480	80	120	20
Depreciation	800	267	33	533	67
Other	3500	1400		2100	
Sub Total	6[illegible]	2747		4053	
Total	11[illegible]	2792		8733	

Total excluding sales people	10625	2792	7833

GEMAH TOTALS

Total	36155	16316	19839
Excluding sales people +Commission	33055	16316	16739

Lps. 16,316 to cover the fixed costs of membership activities.

The results of this contribution analysis are presented in Table A.2., which focuses on the ability of the training component of GEMAH activities to cover present levels of fixed costs. For the purpose of this analysis, it seems appropriate to exclude the AID support provided for the cost of the AMA technical assitance directly related to training. Although this is a cost, it is one that will not be continued at the EOP and, hence, will not influence the organization's self-sufficiency. As the table indicates GEMAH's training activities did not cover their full costs in either calendar year 1985 or 1986. Uncovered training costs excluding technical assistance were Lps. 89,350 and 72,252 respectively. This shortfall corresponds to 42.4% and 17.7% of training income in those years, respectively.

The 1987 budget, as described in Table A.2., part C projects a substantial suplus of training contribution over training costs of Lps. 93,230. This, of course, implies self-sufficiency for the training activities and the organization as a whole. In this budget fixed and direct costs are projected to remain close to the 1986 level, while public seminar revenue declines slightly and in company seminar revenue increases moderately. The primary difference accounting for the improved perfomance is that income from diagnostics, implementation and follow up (DIF) is projected to increase from Lps. 19,800 (for 50 programs) to Lps. 144,000 (for 72 programs).

Projections of costs, public seminar income and in-company programs seem to be challenging, yet reasonable, goals. The projection of DIF income seems overly optimistic for several reasons. First, the projection is based on 4 days of additional revenue per program, which is above the average of slightly over three to date. Second, not all companies continue with the follow-up work after the course. The interviews with managers who have used the program indicated that almost all of them viewed the per day costs for follow up as quite expensive. Since everyone in Honduras loves a bargain, several have been droping the follow-up (perhaps short sightedly) as a way of reducing the price of the programs. Also, for several the benefits of follow-up seemed remote and marginal once the course, diagnosis, and implementation were obtained. For this reason GEMAH might want to experiment with these 2 possible modifications to its DIF pricing:

1. Reduce the per day cost of follow-up substantially. Since there is significant resistance to purchase at current prices, lower prices might actually increase revenue and contribution, if new prices are perceived as representing much better value. Given present compensation rates (about Lps. 150 per day) of the individuals likely to do the follow up, prices could be reduced by as much as 2/3 rds from the present level (600 Lps. for members) and still produce a positive contribution. If instructors currently in training

TABLE A.2

GEMAH CONTRIBUTION ANALYSIS, TRAINING

Lps.

A. 1986 ACTUAL PERFORMANCE

TRAINING INCOME		407,090
Public Seminars	186,290	
In-Company Seminars	201,000	
Diagnostics	7,200	
Implementation	3,000	
Follow-up	9,600	
TRAINING DIRECT COST 1.	117,342	
Contribution		289,748
FIXED COSTS 2.	394,178	
Uncovered Training Fixed Costs		(164,430)
Uncovered Training Fixed Cost, Excluding Technical Assistance		(72,252)

B. 1985 ACTUAL PERFORMANCE

Training Income	216,550
Public Seminars	131,050
In-Company Seminars	66,500
Diagnostics	2,000
Implementation	7,900
Follow-up	3,100

TRAINING DIRECT COST	95,500	
Contribution		115,050
FIXED COSTS 3.		108,412
Uncovered Fixed Costs		(93,362
Uncovered Fixed Cost, Excluding Technical Assistance		(89,350)

C. 1987 BUDGETED PERFOMANCE

Training Income		548,500
Public Seminars	164,500	
In-company Seminars	240,000	
Diagnostic, Imple-mentation, follow ups	144,000	
TRAINING DIRECT COSTS 5		152,900
Contribution		395,600
Fixed Costs, excluding technical assistance		302,170
Training Surplus over Fixed Costs		93,430

D. 1987 YEAR TO DATE (January, February)

Training Income		50,227
Public Seminars	29,700	
In Company Seminars	17,000	
Diagnostic, Imple-mentation, Follow-ups	3,527	

TRAINING DIRECT COSTS	35,872
Contribution	24,354
Fixed Costs	50,395
Uncovered Fixed Costs	(26,041)

Notes: 1.- Direct costs do not include technical assistance costs for AMA advisor who taught some program in all years.

2.- Based on 73% of Gastos Administrativos (training share of overhead) = 302,000, plus 92,178 in technical assistance.

3.- Based on 73 % of Gastos administrativos (Training's Share of overhead) = 204, 0 plus 4,042 in technical assistance.

4.- 1986 and 1985 actual perfomance based on 1984 GEMAH annual report.

5.- Not Including Technical Assistance.

can be used for this activity, and paid on an outside contractor or fixed consulting fee basis, then the attractiveness of the price reduction is enhanced even more. Some experimentation to gauge the reaction to lower prices and identify the price that maximizes total follow-up revenue will be required. The effort seems worthwhile, however, given market evidence to date.

Several executives interviewed compared these daily fees with their own salaries and concluded that the offering was costly. Although not a completely rational comparison, it is very human and revealed to be common. Bundled pricing would make the perception less obvious. For the above mentioned reasons, a projection of no more than 3 days DIF per program seems more reasonable, especially considering that some mentation, Follow-ups

2.- Use bundled pricing, i,e. one price for the complete package. This would eliminate the "optional" nature that some may impute to the purchase of the follow-up and result in a more stable, predictable, revenue flow. It may also temper customer perceptions of high cost, as the price is associated with the complete program, and not man days. Several executives interviewed compared these daily fees with their own salaries and concluded that the offering was costly. Although not a completely rational comparison, it is very human and common. Bundled pricing would make this perception less obvious.

For the above mentioned reasons, a projection of no more than 3 days DIF per program seems more reasonable, especially considering that some organizations are receiving several courses and may not want the same level of DIF effort for each. This implies that the 1987 budget surplus of training income over full training costs would be Lps. 50,000, which still projects self-sufficiency for training activities.

Actual perfomance against budget to date in 1987 is shown in part D of Table A.2. At the time of this review accounting department reports were available for only January and February. The data reveal that GEMAH training activities were not self-sufficient in this 2 month period, failing by Lps. 26,041 to cover full costs. This information must be interpreted with care, however. January, February and December are among the slowest months of the year for program activities and were budgeted accordingly. Consequently, this per se is no cause for alarm and progress toward self-sufficiency to date is best measured by comparison of budgeted and actual performance.

YEAR TO DATE PERFORMANCE, JANUARY, FEBRUARY, 1987

Tegucigalpa Income, Lps.

	Budget	Actual
Public Seminars	4,900	6,550
In Company Seminars	16,000	12,000
DIF	9,600	1,760

San Pedro Sula Income, Lps.

Public Seminars	21,000	23,150
In Company Seminars	8,000	5,000
DIF	4,800	1,760

Tegucigalpa Programs

Public Seminars	2	2
In Company Seminars	4	3

San Pedro Sula Programs

Public Seminars	4	4
In Company Seminars	2	1

As the figures above indicate public seminars are on target in number of offerings and ahead of budgeted income; in company programs are below budget by 1 offering in each city and consequently short of budgeted income by Lps. 7,000. DIF is below budget by Lps. 10,880. This reflects fewer programs than budgeted. Although financial data for March and April programs are not available, comparison of actual versus budgeted number of programs is possible.

Number of Programs

January - April 1987

Tegucigalpa

	Budget	Actual
Public Seminars	4	4
In Company Seminars	12	6

	San Pedro Sula	
Public Seminars	8	9
In Company Seminars	6	4

The fact that only 10 of the 18 in company courses planned in the first 4 months of 1987 have materialized may be cause for some concern. Obviously goals for this critical offering must be met if GEMAH is to be self-sufficient. Given the lead times involved in selling in-company course and the fact that most sales may involve packages of several courses for one institution, fluctuations from the, rather simplistic budget of 6 in company programs per month are to be expected. As of May 1, 2 in-company programs were definitely contracted for May. However, 9 such courses are planned for June and the Executive Director was at the final stages of negotiation for another package of 13 courses with one company. When these very high probability sales materialize, GEMAH will essentially be back on target for budgeted self-sufficiency in training.

This situation, although not alarming or unusual, underscores three observations. First, the emphasis on in-company programs over public seminars adds volatility to operations, especially since packages of several courses per company are common. This means that a longer period than just month to month observations is needed to interpret results.

Second, the importance of programs marketing is critical. Even one additional program sale (or the loss thereof) can make a substantial difference in financial perfomance. Since these are big ticket items, purchased at the general manager's level, the active, continuous involvement of the

TABLE A.3

GEMAH CONTRIBUTION ANALYSIS

ALL ACTIVITIES

Lps.

A. 1987 BUDGETED PERFORMANCE		
1. MEMBERSHIP		
Income	84,400	
Direct Costs	8,800	
Contribution	75,600	
Fixed Costs	111,836	
Uncovered Membership fixed costs		(36,236)
2. TRAINING		
Contribution	395,600	
Fixed Costs	302,370	
Training Surplus over fixed costs		93,230
3. GEMAH TOTALS		
Contribution surplus over fixed costs		56,994
B. 1987 YEAR TO DATE PERFORMANCE (January, February)		
1. MEMBERSHIP		
Income	9,700	
Direct Costs	1,957	
Contribution	7,743	
Fixed Costs	18,639	
Uncovered fixed membership costs		(10,896)
2. TRAINING		
Contribution	24,354	
Fixed Costs	50,395	
Uncovered training fixed costs		(26,041)
3. GEMAH TOTALS		
Uncovered Fixed Costs		(36,937)

Executive Director and word of mouth recommendations from other top level managers and GEMAH directors are critical. Third, given the above, the financial self-sufficiency of the training programs, although reasonable and attainable, is somewhat fragile and, as is true in most such organizations, very much a result of recent perfomance.

Table A.3. extends the contribution analysis to include membership activities. As part of the table indicates, membership income is insufficient by Lps. 36,236 to cover the fixed costs associated with _____ activities. The budget assumes an average membership of 195 (based on present composition of company and individual members) for the year, compared to 167 at year end 1986. Considering that membership has been stable at about this level for 2 years and that net membership has grown by 1 in the first three months of this year, this target, although attainable given the expansion into Tegucigalpa, may be somewhat optimistic. A worst case outcome of no membership growth would increase this shortfall to Lps. 57,000.

For the organization as a whole 1987 budget projections imply a total year end suplus of about Lps. 57,000. If this surplus is reduced by Lps. 43,000 to adjust for a perhaps overly optimistic DIF sales forecast and by Lps. 10,000 to anticipate that only half of the anticipated membership growth would take place, then GEMAH remains self-sufficient but only by the narrowest of margins, at least based on reasonable budget forecosts.

Part B of the table presents year to date results. These results indicate that membership income is slightly less than budgeted (by Lps. 900) and membership costs are higher than budgeted (by Lps. 957). The net result is that uncovered fixed membership costs are about Lps. 5,000 more than expected at this time of year. For GEMAH as a whole year to date operations are Lps. 36,937 below the level needed to cover fixed costs.

The above analysis considers only the quantitative aspects of economic self-sufficiency. Examination of the qualitative aspects of the organization is also important in determining if the capability exists to achieve the status indicated by the financial information. These critical qualitative aspects include the quality of management, the exsistence of a responsive information system to facilitate decisions, and a competitive, well received product offering. Each of these aspects is analyzed in more detail elsewhere in this report. The discussion has indicated a very favorable evaluation in this respect. Public seminars produce consistent, albeit modest, contributions. The in company programs have been very well received and have developed a distinctive competitive advantage in a market segment which is profitable, receptive, and free of competition. A reasonable accounting system exists and reports are produced in a reasonably timely fashion. The quality of management

exhibited by the Executive Director and Board of Directors is excellent. It is characterized by a willingness to make decisions, quick reaction to change, close involvement with the business community, and a true enthusiasm and commitment to the project. In large part this results from the fact that project management are all businessmen, with previous bottom line responsibility in significant local companies.

Most importantly, all management seems to have accepted the goal of economic self sufficiency and is actively committed to work toward that end. From this perspective the qualitative prerequisites for financial self sufficiency are definitely in place.

Several conclusions are relevant, based on the above analysis. From the narrow and technical perspective of income exceeding expenses, exclusive of technical assistance, GEMAH is not now and has not been in the past self sufficient. 1986 results indicate that GEMAH was about 83% self sufficient in training activities, a substantial improvement from 1985. The 1987 budget projects self sufficiency for the organization as a whole by more than Lps. 56,000, with a Lps. 93,230 surplus in training. Adjusting this budget projection for what seem, in the judgement of these evaluators, overly optimistic projections of DIF sales and new memberships results in budgeted self-sufficiency by only the narrowest of margins, approximately Lps. 4,000. Yet financial perfomance for January and February is below budget and off the pro rata pace required to meet end of year goals. However, these are the slowest months of the year, so some shortfall in covering costs is to be expected. Of more concern is the fact that the number of in company offerings through May 15 is below budget by 8, which is critical considering the high total contribution expected from this program. Offsetting this is the high probability that June programs and a large contract about to be signed will put programs ahead of plans by midyear. Some special activities (magazines, advertisements, etc), which were not considered in the above analysis may also add to contribution. Given the above, it may well be that a specific technical answer to the question "is GEMAH self-sufficient?" will depend on the day the question is asked and the specific assumptions of the analysis.

The relevant question, of course, is not if GEMAH is self-sufficient based on an analysis at any specific moment, but rather if the nature of the situation is such that reasonable, relatively minor modifications to the basic structure can improve perfomance by the relatively minor amount required to be unambigiously self-sufficient. Here there are substantial grounds for optimism. The substantial progress of GEMAH in the past three years and the fact that it is now very close to self sufficiency suggest that the basic model, structure, and implementation are valid and working. Most importantly, it is the judgement of these evaluators that several relatively minor adjustments are possible to increase financial perfomance. This fine tuning has both

short-term and long term components, detailed below.

SHORT-TERM

1. Increase membership to appoximately 450. As discussed in the section on membership, this is the level required to cover overhead associated with member service activities. The 283 new members requirement is basically the planned target for the Tegucigalpa expansion, plus about 75 others. Although challenging, this is a critical and attainable goal. The establishment of a membership committe, reevaluation of member satisfaction and benefits, plus personnal recruiting efforts by directors and members, as described earlier, are required. A formal membership campaign, perhaps timed to coincide with the annual meeting, should be considered. The perceived cost benefit value of membership could be enhanced by offering each new member the right to name a scholarship recipient for a public program. Given present attendance levels, these sholarships could be easily accommodated over the 36 annual offerings and might be useful in attracting members.

2. Increase public seminar attendance to an average of 20 paying participants. The 1987 budget assumes average seminar attendance of 17.5 in San Pedro Sula and 16.3 in Tegucigalpa, based on the conservative members fee of Lps. 300 per program. If this average could be increased modestly to 20, 104 more participants would result annually. Since seminars are now only slightly above breakeven attendance, almost all of the marginal revenue of Lps. 31,200 would go directly to contribution. 1987 public seminar contribution is budgeted for Lps. 61,600. These very modest increases in attendance would increase public seminar contribution by 50%.

   The dramatic increase in contribution possible with increased attendance is illustrated by the "Informe Financiero" for 2 GEMAH seminars held in late January and early February, 1987. As the internal financial report of each seminar illustrates, both seminars generated a "net profit" (more correctly termed a gross profit or contribution) and was, in that sense, successful. Costs for each seminar were approximately equal. The January seminar attracted 24 paying participants and generated a contribution of Lps. 3,061. The February seminar attracted 18 paying participants, but generated contributions of only Lps. 1,718. In this example an increase of only 6 participants increased contribution by 78 percent. Given this potential, emphasis on producing higher attendance is a logical priority that can produce bottom line results quickly and with little marginal effort. The experience of INCAE with its public seminar programs in Honduras suggests that increased attendance is possible. Operating with a

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		VALORES		
INGRESOS	L.			7,450.00
13 PARTICIPANTES SOCIOS		3,900.00		
11 PARTICIPANTES NO SOCIOS		3,550.00		
1 BECADOS		-o-		
TOTAL PARTICIPANTES				
EGRESOS	L.			4,389.22
HONORARIOS INSTRUCTOR			800.00	
COMISIONES	JAVIER HERNANDEZ	655.00		
	LORENA ACUÑA	662.87	1,318.53	
MATERIAL DIDACTICO			308.50	
PUBLICIDAD	TIEMPO	682.77		
	PRENSA	204.12	886.89	
BUFETES Y REFRIGERIOS		516.64		
	GASTOS DE CAJA CHICA	68.73	585.37	
GASTOS DE VIAJE				
	Correo	20.58		
PROMOCION	(BROCHURE Y CORREO)	245.49		
	FOTOCOPIA	8.79	254.28	
TRANSPORTE			235.65	
OTROS			-o-	
UTILIDAD NETA	L.			3,060.78

PREPARADO POR: REVISADO POR:

CURSO AMA/ENTRENAMIENTO [illegible] JEFES O GERENTES

LUGAR Y FECHA 13 y 14 DE FEBRERO DE 1987

		VALORES		
CRESOS	L.			5,750.00
PARTICIPANTES SOCIOS			3,000.00	
PARTICIPANTES NO SOCIOS			2,750.00	
BECADOS			-o-	
TOTAL PARTICIPANTES				
RESOS	L.			4,031.94
HONORARIOS INSTRUCTOR			800.00	
COMISIONES VIRGILIO H. PAREDES		287.50		
JAVIER HERNANDEZ		700.97		
LORENA ACURA		348.28	1,337.75	
MATERIAL DIDACTICO		319.19		
FOTOCOPIAS		13.95	333.14	
PUBLICIDAD DIARIO TIEMPO		682.76		
DIARIO LA PRENSA		204.12	886.88	
BUFETES Y REFRIGERIOS		324.46	379.46	
CAJA CHICA		55.00		
GASTOS DE VIAJE		51.45	- o -	
PROMOCION (PAPELERIA Y BROCHURE)		97.51		
FOTOCOPIAS		6.86	104.37	
TRANSPORTE		187.00	187.00	
OTROS			3.34	
UTILIDAD NETA	L.			1,718.06

OK

PREPARADO POR: REVISADO POR:

comparable pricing structure, INCAE seminars are not offered if attendance below 25 is anticipated (reportedly none have been cancel in the last 2 years) and average over 40 participants.

As discussed elsewhere, there are a number of steps that could help increase average attendance and contribution:

A) Review the salesman's commission structure to insure that it truly motivites additional sales, emphasizes producing higher attendance levels by an increasing commission scale, is clearly understood, and viewed as a motivator and not merely an increase in salary. The objective of the review should not be to reduce anyone's income, but to issue that the plan actually motivates extra effort to produce the attendance levels desired.

B) Experiment in a modest way with different formats, schedules and prices to see if variations from the standard 2 days, 8-5 format and Lps.300 (members), Lps. 350 (non members) price will enhance attendance.

C) Experiment with "block bocking" i.e, selling a number of seats in a seminar to one company or institution, perhaps at a discount.

D) Experiment with the APEDE developed idea of "Bonos de Capacitacion". This is, in simple terms, an advance payment (at a discount of around 30%) for a number, say 4, of seminar admissions to be used in any combination of programs during the year. This may encourage more frequent attendance by large companies, as costs are reduced. From GEMAH's stand point, cash flow would be improved, collection problems reduced,and sales effort reduced.

E) Offer special discount or "partial scholarships" to special groups who would be unlikely to attend otherwise. Such groups might include university professors and students, some groups of city government employees or the like. Since direct costs per participant are low and capacity is not a problem, even substantial discounts, for those unlikely to attend otherwise, could enhance contribution. If positioned as a public service, reaction from customers paying full price would be minimized and some public relations benefits might also result

F) Review the financial structure of the public seminars with the salespeople to be sure they are aware of the importance of increasing average attendance.

G) Review the commission structre to insure that sales

developed in house, by walk ins, or through the efforts of other staff are credited as office commissions.

3. Emphazise collection of receivables, which seem high, especially membership dues.

4 Remain vigilant in controling operating costs, such as photocopies, telephone, etc. Although administrative costs are reasonable, control efforts should continue.

5 Expedite arrival and installation of GEMAH's own micro computer. In GEMAH's context the use of their own computer will not reduce personnel requirements and costs, but should free time to allow individuals to focus on critical areas. For this reason, priority in implementation and applications should go to:

A) Mailing list, address labels, and form letters for members. This would relieve the membership director of several time consuming tasks and make more member service and recruiting activities possible.

B) Membership dues billing, which should simplify an unduely complex process and improve cash flow.

C) The seminar management process (participant rosters, financial report, and tabulation of evaluations) which would free accounting time for more rapid turnaround of financial reports.

6. Investigate bulk mailing rates or free mailing privileges as a non-profit institution. Mailings for seminar promotion and member communication are significant. Cost reduction, if possible, would be useful.

7. Determine if the 5% commission paid to the GEMAH messenger for picking up member's dues checks is appropriate, considering the passive nature of the collection efforts involved and the individual's normal duties.

8. Expedite the training of GEMAH instructors for the GPPO course, to insure delivery capacity for this critical program.

9. Emphasize marketing of the in company programs as a critical responsibility of the Executive Director, Board of Directors, and program instructors. All seem aware of these responsibilities, but continual reinforcement may be appropriate.

LONG - TERM

1. Implement the recommendations contained in the section of this report discussing the seminar programs. Especially important among these are:

   A) Broaden the program offerings to include a course directed at top management, and offerings for which previous studies have indicated an unmet demand exists, such as exporting, which could easily be the topic of several new courses.

   B) Modify some existing courses to produce new formats or industry emphasis that might make these materials more appealing to unreached market segments.

   C) Develop new, lower cost suppliers of course materials, primarily from among PACCIOS members. Specific technical assitance funds should be available to permit GEMAH to visit these institutions, make arrangements for the use of programs, finance the travel costs and professional fees of foreign instructors to initially teach the course in Honduras and work with local instructors to develop capability to teach the course independently.

   D) Develop another in-company program similar to GPPO. Possible areas to consider include quality circles, sales force development, training departament development or direct consulting activities.

   E) Develop GEMAH's own capacity to design and produce its own courses, responding to local needs. This would require a mechanism to assist the course development efforts of local instructors by providing some financial compensation for course development, access to subject matter training if needed, and outside academic advice or review of proposed materials.

   F) Implement the plan for a seminar program advisory committee of business people. This will provide feedback and information useful in designing the above mentioned new offerings.

2. Establish a finance committe of members which would oversee the financial activities and, most importantly, serve as a source of ideas and catalyst for fund raising projects.

3. Consider repeating some of the special projects which generated positive contribution in the past, such as the magazine and the National Management Congress, or more

traditional fund raising activities of the type carried on by civic clubs.

From the perspective of AID the above financial analysis implies several considerations. First, even if the project reaches its goal of self-sufficiency by the end of this budget year, which is quite possible especially on a cash flow basis, that self-sufficiency is fragile. This suggests that the decision to extend the project termination date to permit use of unspent funds and to request modest additional funding of about $100 - 150,000 for next fiscal year is well based. The organization has done good work, exceeded its goals, and is very close to full self-sufficency. All of this was done in only three years, a much shorter period than required for comparable organizations with lower activity levels. Thus, the relatively modest additional amounts requested now would solidify the results produced to date.

Second, it is important that any additional funds available be directed at the areas identified as critical for financial self-sufficiency in the long term. Obtaining more days of AMA technical assistance or additional AMA courses alone is not sufficient. This, in term, may require that GEMAH use some portion of the funds to contract courses and technical assistance from other suppliers.

Third, it may be useful to consider establishing a permanent endowment, either in addition to or instead of the proposed $100 - 150,000 additional technical assistance. Assuming a one time AID contribution of $150,000, plus a $50,000 GEMAH challenge match contribution (raised by contributions earmarked for this purpose or by a surplus of income over expenses) and a 10% real annual return, Lps. 40,000 would be produced annually. Although relatively modest, this amount is equivalent to 55% of uncovered training fixed costs in 1986. Thus, it seems a reasonable contribution to help insure economic self-sufficiency.

A variant of this approach would be to use the resulting US$ 200,000 to obtain a building or permanent office space in San Pedro Sula or Tegucigalpa. If suitable facilities are available in this price range, this would reduce rental costs of Lps. 20,000 per year in either city. The alternative is even more attractive if part of the building and lower floor could be rented to others. A definitive analysis of this alternative should require data which is beyond the scope of this report. Ownership of a building is one important element of the financial model which produces self-sufficiency for APEDE, a well established, successful comparable institution in Panama. The idea does merit follow-up by AID and GEMAH.

Fourth, the above analysis suggests that the basic financial

model is viable with only relatively adjustments. For this reason it would be counterproductive, given limited management time, for GEMAH to embark on major, new, unrelated projects solely for the purpose of financial contribution. The effort, costs, and risks involved would be unlikely to produce results superior to those resulting from improvement of existing activities. This is not to say that new initiatives should not be considered, but merely that they should be evaluated on their own merits and not exclusively as revenue sources.

In private non-profit organization such as GEMAH it is sometimes tempting to strive to reduce costs by holding salaries below market levels. One of the strengths of the organization is that it has attracted high quality, enthusiastic management from the business community. Such qualified people, of course, have alternative employment opportunities. Given the likely difficulty and disruption involved in locating replacements for key individuals, care must be taken to keep compensation at present levels which are market competitive.

2. FINANCIAL SELF-SUFFICIENCY OF THE TEGUCIGALPA OFFICE

TABLE A.4. presents the results of the contribution analysis for the Tegucigalpa office, disaggregated by training and mambership activities. Based on January and February, 1987 perfomance, total fixed costs of Lps. 11,525 per month (10,625 excluding the sales person) are incurred to support this office. These fixed costs include only those directly associated with operations carried out in Tegucigalpa. Not included are fixed costs related to accounting services and membership support, which are provided by the San Pedro Sula office. The exclusion is reasonable, based on the fact that no additional fixed cost are incurred in San Pedro Sula, the support activities there have sufficient capacity to absorb the work, the extra effort required is quite menor, and many of the activities would be done anyway, given some prexisting activities in Tegucigalpa.

The 1987 budget projects training income of Lps. 305,000 in Tegucigalpa:

Public Seminars	Lps. 49,000
In Company Seminars	160,000
DIF	96,000
TOTAL	305,000

When compared with annual training related fixed costs of Lps. 93,996, and direct training costs of Lps. 70,050, a

TABLE A.4

TEGUCIGALPA OFFICE CONTRIBUTION ANALYSIS

Lps.

A. 1987 BUDGETED PERFOMANCE

1. TRAINING

Training Income		305,000
Direct Training Costs		70,050
Contribution	234,950	
Fixed Costs	93,996	
Training Surplus over Fixed Costs		140,954

2. MEMBERSHIP

Membership Income	7,200	
Membership Direct Costs	2,200	
Contribution	5,000	
Fixed costs	33,504	
Uncovered Membership Fixed Costs		(28,504)

66 Additional members required to cover this

3. TOTAL OFFICE

Budgeted Surplus Over Fixed Costs	112,450

B. 1987 YEAR TO DATE ACTUAL PERFORMANCE (January, February)

1. TRAINING

Training Income	20,310	
Training Costs	8,470	
Contribution	11,840	
Fixed Costs	15,666	
Uncovered Training Fixed Costs		(3,286)

2. MEMBERSHIP

Membership Income	1,150	
Membership Direct Costs	501	
Contribution	649	
Fixed costs	5,584	
Uncovered Mmembership Ffixed Ccosts		(4,935)

3. TOTAL OFFICE

Uncovered Fixed Costs	(8,221)

surplus of Lps. 140,954 results. Analysis of the budget suggests that projected income from DIF may be optimistic. If a more realistic income estimate of 46,000 is used, the likely surplus is Lps. 90,954 in training activities. Estimates of other income seem challenging yet attainable.

Fixed costs allocated to membership activities in the Tegucigalpa office are Lps. 33,504 per year. Membership income is budgeted at Lps. 7,200 and direct membership cost at Lps. 2,200. At budgeted levels this results in Lps. 28,504 of uncovered fixed membership costs per year. Budgeted membership income of 7,200 per year (equivalent to 17 members paying an average of Lps. 36 per month) seems quite low. Program plans call for 105 members per year to be added. Addition of only 66 members would cover these fixed membership cost.

It is interesting to note that the dues income of the 24 existing Tegucigalpa members was applied to San Pedro Sula income in GEMAH's budget process. The approximately Lps. 10,400 generated by these members, if applied to Tegucigalpa operations, would reduce this shortfall to Lps. 18,000, or 42 members, a very reasonable goal.

Overall budget projections call for a surplus of income over fixed costs of about Lps. 112,450 for 1987. If adjustments of Lps. 50,000 for likely overestimated DIF income and Lps. 10,000 for accounting and San Pedro Sula office support service are made, the resulting surplus is Lps. 52,000.

This is a reasonable cushion for contingencies and a strong indication of budgeted self-sufficiency.

Financial data available for the first two months of the year indicate that membership activities are performing as budgeted, with only a Lps.50 shortfall in anticipated income. Income from public seminars is ahead of budget, reflecting the fact that no income was budgeted for January although 1 program was scheduled. DIF income and in company income are below budget.

Perfomance to date and progress towarded the budgeted goal of self-sufficiency is perhaps judged best by comparing number of program offerings against budget. Through April, four public seminars have been offered, compared to 3 planned. The shortfall of 7 in company programs represents a loss of about Lps. 20,000 in anticipated year to date contribution for courses and an additional loss of Lps. 16,800 in DIF. This means that over half of the anticipated reasonable overall annual surplus has been used.

The conclusion of this analysis is that the Tegucigalpa office is today self-fufficient, but only by the narrowest of margins. Maintenance of this self-sufficiency depends on

targeted income levels being met for the rest of the year. A short fall in only one or two in company programs would change this conclusion.

It must be pointed out that the analysis assigned program revenue to the office where the program was given, but salary costs to Tegucigalpa which is arbitrery but reasonable. Different assignments of costs for shared resources could enhance the apparent self-sufficiency of one office at the expense of the others.

In the qualitative sense the Tegucigalpa office appears efficient and appropriately staffed, following the San Pedro Sula model. In contract to San Pedro, however, the same degree of identity, visibility and support within the business community has not yet been developed. Although this is understandable given GEMAH's recent formal entry into Tegucigalpa, it is of some concern that few activities, other than training, seen to be planned. More attention to public relations and cultivating business support seems appropriate. This might include:

1. Appointing officiers or a board of advisors from the business community. Aside from providing valuable advice and marketing plans such a group would also provide a vehicle for people who want to be involved in GEMAH's Tegucigalpa activities. Conversations with several Tegucigalpa business people revealed that they were enthusiastic supporters, had indicated interest and willingness to be involved, but had received no follow-up. The advisory commitee would provide one mechanism to capitalize on this expressed interest.

2. An enhanced public relations campaign to develop visibility and identity, perhaps coupled with a formal membership drive.

B. TECHNICAL AND ADMINISTRATIVE CAPABILITY FOR PROVIDING HIGH QUALITY MANAGEMENT TRAINING

1. ADMINISTRATIVE CAPABILITY

The GEMAH organization, in the judgement of these evaluators, demonstrates all of the characteristics of a well managed and administered organization. The operational aspects of the organization seem efficient and responsive, and the organizational structure is appropriate to activity requirements. A "Manual de Organizaciones y Funciones" exists which provides an appropriate mission statement, outlines the operational policies of the organization, describes the general functions of the Board of Directors and the Executive Director, and specifies the activities of each department. Job descriptions which are specific are provided for each position; each staff member seems to clearly understand responsibilities and priorities. GEMAH itself applies the MBO program it teaches to its own activities and this has resulted in a focused, streamlined, cooperative organization.

GEMAH has two characteristics which are somewhat unique among management training institutions: a good management information accounting system and an exceptionally pragramatic, results oriented director. The business, instead of academic, background of GEMAH management has in large part contributed to its success to date. The executive director, Lic. Teofilo Castillo V., who was also a previous GEMAH president, is a well qualified professional, with significant successful business experience. He combines internal management skills with very good external representational abilities. There is little roon to doubt that he is highly motivited, enthusiastic and exercises his management responsibilities at a high level of professionalism.

The information and accounting system does a reasonable job of providing timely data for management decisions. Seminar management procedures include a system for tracking sales-leads, and a financial report for measuring the economic results of each program. A detailed budget exists and a monthly report compares actual perfomance with that budget.

The specific positions of the 11 people in the San Pedro Sula office and the 4 people in the Tegucigalpa office are described in the attached organization chart.

Observation of the functioning of the office in San Pedro

Sula indicated that personnel are under some moderate time pressure and appear nearly fully occupied. This was most evident in the case of the membership director. She spends two weeks per month visiting current members and is also responsible for maintaining membership records, producing informative membership mailings, producing the bulletin and magazine, recruiting new members and managing membership events. If GEMAH membership activities expand in the future some additional assitance may be required in this area, especially to handle the upcoming activities associated with computerization.

GEMAH is in the process of installing its own computer and terminals, which has the long run potential to reduce some of the routine workload in membership management and accounting functions. However, parallel accounting operations will be required until the system is fully implemented. Outside assistance to develop systems and implement operations on the computer may be required, which would also provide an useful opportunity to review and streamline procedures.

At the time of this evaluation the accounting records were 30 days behind (March registers were just being completed in late April). This is an acceptable, but not outstanding, perfomance which does represent an improvement over the two month delay noted in an evaluation last September. Additional attention may be required to insure that these delays do not become longer so that accounting records are up to date and management receives timely information for decisions.

A review of the accounting procedures and financial records indicated several minor problems which would benefit from attention.

1. As described in the section on membership, below: back dues payable by members seems high. In part this may be the result of an awkward billing system. Current procedures call for a copy of the receipt for payment to be sent each month, with the notation "Para tramite de pago". Specific account statements are sent only after a member is 120 days behind in dues. It is recommended that a specific account statement be sent to each member on the first of the month, indicating the previous balance, and the dues for the current month. This could be efficiently implemented with the new computer system.

   It may also be useful to follow the practice of other associations in Central America by publishing every 3 or 6 months a list of members who are delinquent. Since no one likes to see their name listed in this context, it may provide some incentive for prompt payment.

Appropriate warnings and reminders to pay, accompanied by the admonition that the names will be published later should, of course, be given. Also, some incentive for advanced payment, such as a discount or gift, could be offered, especially for company members. Since quarterly or semiannual payments would greatly simplify the collection process, they should be encouraged.

The messenger is paid, a 5 percent commission for the checks he picks up from members. Since it is part of the job of the messenger to pick up and deliver documents to members, this practice seems unnecessary. If it is desired to increase this individual's income, a salary increase would be more appropriate.

2. As described later, the financial report on each seminar program does not contain a charge for fixed costs associated with facilities, management, or general overhead. Development of a standard cost or charge against each seminar for its proportional share of overhead would be appropriate and present a clearer picture of training program financial perfomance. The form only records income and direct, variable costs. The difference is termed net profit, but is in reality only a gross profit or contribution. This may be presenting an impression that seminar programs are more profitable than they actually are.

3. No accounting provisions exist to charge the Tegucigalpa office for support services provided, an appropriate share of the executive director's time, or other shared overhead. If it is the intention of management to regard the two operations as separate profit centers, then some allocation, perhaps on a standard cost basis per program, is necessary for adequate performance evaluation. This would have the effect of specifying the allocation of shared overhead in advance. Since one goal of AID support is to make the Tegucigalpa office self-sufficient, it would be useful to stipulate the mechanism for these necessary allocations now. That would facilitate both project management and final evaluation.

4. As discussed below, the commission structure for public seminar sales may not be motiviting the performance required,i.e. average attendance of 20. This structure should be reviewed to be sure that it supports and emphasizes this goal.

The above minor observations notwithstanding, the overall quality of project management is quite good, near excellent. Management effectiveness compares very favorably with that of other management training

institutions in the region, including these who have been established much longer. High quality management is to be expected (but usually not achieved) in a program that professes to provide management training. That it is present here is one strong indicator of project viability.

2. RESPONSIVENESS TO CHANGING CONDITION

The existence of an adequate information system and the personal characteristics of management are ___armarks of an organization that is capable of response to changing conditions. Close ties with the business community exist and provide the input necessary for feedback and response. More convincing evidence is that the organization has demonstrated respondsiveness repeatedly in the past. Five substantive adaptations to changing circumstances have occurred in the project's 3 year history.

1. A significant modification of organizational structure and staffing levels from those of the original proposal. The net result is a leaner, more efficient organization. More importantly, salaries in the San Pedro Sula operation are almost 1/2 that specified in the original project design, even though a greater number level of activities is taking place. This is a noteworthy adjustment, considering normal organizational tendencies to expand staff and the importance of "chamba" in the Honduran environment.

2. A significant new training program delivery mechanism has been developed. As described in the section on training programs, in-company programs were not considered in original program design. Early experience with the GPPO program as a public seminar revealed that an unanticipated demand for this offering in the in company format existed in the market. GEMAH responded quickly and the success of this offering indicates that a strong, previously unmet need is now being filled.

   On a lesser level, the seminars for receptionists and executive secretaries are targeted at an audience not considered part of GEMAH'S original client segment. The relatively high attendance at these public seminars indicates that a new market has been developed at this level. Deemphes of the Multimedia delivery format, due to dated materials and poor market response, is other evidence of adaptability.

3. Emphasis on company, instead of individual memberships. The background of this development is described in the section on membership.

4. Delivery of the GPPO course to government and public sector institutions. To date approximately half of the GPPO sessions taught have been in government or non-profit institutions, a market not considered for emphasis in original plans. Further development of this new market should be enchanced by the activities of the Tegucigalpa office.

5. Sponsorship of 2 "Conversatorios Institucionales", which are basically dialogues between GEMAH members representing the private sector and government institutions, aimed at solving mutual problems. To date two such conversatorios have been held in San Pedro Sula, one with the police and one with the airport. Both programs resulted in significant follow up activity to work cooperatively toward resolving problems discussed. This has proven to be an effective vehicle for involving GEMAH in community affairs and has resulted in visibility and positive public relations.

As described in the section on seminar programs,GEMAH is now begining to set up a series of advisory boards composed of business people in a specific functional area. The purpose of these committees is to review present and proposed seminars, identify unmet training needs, and generally assist in communication from the business community. This new development can also enhance responsiveness to changing conditions. Greater membership involvement in GEMAH training activities, perhaps through an oversight committee, would also help to monitor market conditions. This will insure that the feedback loop and information flow necessary to continue the responsiveness demonstrated in the past are in place.

3. QUALITY OF TRAINING SERVICES AND OTHER ACTIVITIES

A. Seminar Programs

GEMAH to date has offered 23 different courses or training programs, the majority repeated several times. Table B.1. lists these 23 courses, indicates the symbol used in GEMAH records to identify the course, and specifies the individuals who have taught each course. Table B.2. provides additional chronological information about GEMAH training program offerings. This table indicates, by calendar year, the number of times each course was offered, and the number of participants for each course.

These courses are delivered in one of two formats: Public seminars, or in-company programs. Public seminars are exactly what the term implies, i,e. a seminar open to anyone, usually widely publicized by newspaper

TABLE R.1.

GEMAH COURSE OFFERINGS

LIST OF COURSES	SYMBOL	INSTRUCTOR
1) Gerencia Participativa por Objetivos	G.P.P.O.	Dr. José Urdaneta R. Ing. Carlos Avila Molinar
2) Tecnicas de la Venta Profesional	T.V.P.	Lic. Carlos H. Fernandez Lic. Marcos Odilodn Avila
3) Desarrollo de la Capacidad para Dirigir	D.C.D.	Lic. Ricardo Martinez Ing. Allan Greemberg
4) Tecnicas de Administracion Moderna	T.A.M.	Lic. Arturo Arana Lic. Anronio B. Suazo Lic. Roberto Peres S.
5) Tecnicas de Desarrollo Organizacional (EXITO)	T.D.O.	Lic. Ricardo Trujillo V. Ing. Allan Greemberg
6) Administracion de Sueldos y Salarios	S y S	Lic. Antonio B. Suazo Dr. Jose Urdaneta R.
7) Finanzas para Ejecutivos no Financieros	F.N.F.	C.P.A. Anthony F. Vici
8) Estrategias y Tecnicas Optimizar Cobranzas	T.O.C.	Lic. Arturo Arana
9) Tecnicas de Mantenimiento Preventivo	T.M.P.	Ing. Hector Castellanos Ing. Jorge A. Lopez
10) Preparacion y Elaboracion de Estados Financieros.	P.E.F.	C.P.A. Anthony F. Vici
11) Planeacion y Control de la Produccion	P.C.P	Ing. Jorge A. Lopez
12) Ventas de Mostrador	V.D.M.	Lic. Carlos Habencio F.
13) Mesa Redonda sobre Compras	M.R.C.	- o -
14) La Secretaria Ejecutiva su desarrollo y superacion personal	L.S.E	Lic. Delmy S. de Sequeira

15)	Mercadotecnia para Ejecutivos no Mercadologos	M.N.M.	Sr. Marcos Adilon Avila
16)	La Recepcionista, imagen de la empresa	R.I.E.	Lic. Delmy S. de Segovia
17)	Planeacion Estrategica	P.E.	Lic. Ricardo Trujillo
18)	Tecnicas de Administracion para Ejecutivos de Ventas	T.A.E.V.	Lic. Marcos Odilon Avila
19)	Administracion de Presupuestos	A.D.P.	Lic. Arturo Arana
20)	Curso AMA de entrenamiento para nuevos Jefes o Gerentes	AMA/E.N.J.G.	Lic. Ricardo Martinez
21)	El Gerente de Personal su perspectiva y funciones	G.P.P.F.	Lic. Marian Moran
22)	Administracion y Control de Almacenes	A.C.A.	Ing. Allan Greemberg Ing. Jorge Lopez
23)	Efectos del Cambio en el Valor Externo de la Moneda.	C.V.M.	Varios

advertisements, direct mailings to members or other appropiate prospects, and GEMAH salesmen's visits. These programs are held, usually, in GEMAH's facilities and are intended to attract a diverse group, from a variety of public and private sector institutions. The original project design for the GEMAH training program contemplated that all course offerings would follow this format. In Company Programs are delivered specifically to a group of employees from one company only, often at their site. This delivery mechanism evolved quickly after

TABLE B.2
COURSES AND PARTICIPANTS
1987 CALENDAR YEAR

	AND 1984		AND 1985		AND 1986		AND 1987*	
COURSES	NO. OF COURSES	NO. OF PARTICIPANTS	NO. OF COURSES	NO. OF PARTICIPANTS	NO. OF COURSES	NO. OF PARTICIPANTS	NO. OF COURSES	NO. OF PARTICIPANTS
[illegible]	2	45	13	237	41	701	9	145
T U P	1	27	8	112	6	89	-	-
[illegible]	-	-	7	66	7	84	2	30
[illegible]	-	-	8	83	8	89	-	-
P E F	-	-	-	-	3	45	-	-
[illegible]	-	-	-	-	3	46	-	-
T O C	-	-	2	47	5	89	-	-
S A S	-	-	5	60	3	27	-	-
[illegible]	-	-	-	-	1	35	-	-
[illegible]	-	-	3	34	1	10	-	-
[illegible]	-	-	-	-	1	10	-	-
[illegible]	-	-	-	-	3	47	3	71
[illegible]	-	-	1	42	3	48	-	-
[illegible]	-	-	-	-	1	14	-	-
[illegible]	-	-	-	-	2	31	1	25
[illegible]	-	-	-	-	2	18	-	-
[illegible]	-	-	-	-	2	29	2	24
[illegible]	-	-	-	-	1	17	1	18
[illegible]	-	-	-	-	2	18	-	-
[illegible]	-	-	2	27	1	10	-	-
[illegible]	-	-	1	31	-	-	-	-
[illegible]	-	-	-	-	2	32	1	7
[illegible]	-	-	-	-	-	-	2	59
TOTAL	3	72	50	739	98	1491	20	379

* Through April, 1987

early experiences with offering the Participative Management By Objectives (GPPO) course indicated that much greater benefits would result if the management group of a specific company participated together. This facilitates on the job implementation by everyone of the concepts discussed, which is necessary for the successful use of any MBO type program, and also allows course exercises to be focused on specific company needs.

In practice the GPPO offering has envolved beyond a seminar or training activity into an intervention oriented, organizational development consulting exercise. As presently delivered the GPPO "course" is in reality a OD exercise package composed of 4 elements:

A diagnosis of organizational development problems and needs, usually carried out by the instructor and involving interviews with all company managers. Aside from orienting the instructor to the company, the diagnosis helps to identify specific company needs, tailor the presentation to these needs, and also prepare participants by suggesting relevance and benefits.

Course delivery, a two day seminar emphasizing developing, writing and negotiating objectives, with a highly participative teaching method.

Implementation, usually 15 days after the course, designed to check if goals and objectives were negotiated with managers, provide any clarification or information that might be useful, and facilitate communication.

Follow-up, usually 3 months after implementation, to monitor progress and reinforce commitment to the project.

The above described process is, of course, the appropiate method for delivering MBO training and it is preferable from both academic and practical perspectives. The fact that GEMAH is delivering this specific program in this manner is a good indicator of a committment to quality training and adapting procedures to serve the needs of the business community for application oriented, results focused programs.

The development of this format has provided several benefits. First, business people quickly recognize the advantages of the approach for introducing change and producing results. Interviews with general managers who had introduced the course in their companies revealed that the "in company" format was a critical factor in their purchase decision and that the course would not be beneficial in other circumstances. Second, training results are more obvious and demostrable, which contributes to user satisfaction and gives GEMAH talking points for convincing other firms to buy the course also. Third, this format gives GEMAH on

unique, differentiated product and a distinctive competitive advantage. The authors of this evaluation did not identify any other supplier of a similar service in Honduras. In contrast the market for public seminars is highly competitive, with at least 22 identified suppliers offering courses that, at least on the surface, appear directly competitive with some GEMAH offerings. Finally, in company courses have proven more financially attractive, on the average, than most public offerings for GEMAH. The incompany course fee of US$ 2,000 (members) per 2 day course, provides a fixed, known income, with additional income possible for diagnostics, implementation, and follow-up (US$ 300 per day each for members). Compared to public seminars, costs are much lower since advertising, promotion and some sales commissions are avoided and facilities and food costs are absorbed by the participating company. More frequent offerings are also possible. This makes the in-company GPPO course the leading "profit contributor" in the GEMAH product line on a total contribution basis and an unit basis (except for the most highly attended public seminars).

Of the 23 courses listed in table B.1. 21 were obtained from the American Management Associations International as part of the GEMAH - AMA technical Assistance Contract. The two exceptions are PEF, which was obtained from the local office of an international accounting firm, taught by them, and marketed by GEMAH on 50-50 profit split basis and CHM, which is the collection of lectures given at a conference on the possibilities and effects of devaluation. A detailed review of all 21 course materials suggests that the AMA courses are basically "off the shelf" products, clearly identified as AMA materials previously translated into Spanish or developed and used by AMA training centers in Mexico or Puerto Rico. Most have early 1970 copyrights. As such all have the standard characteristics that have come to be expected of the well known, established, respected AMA training materials. Each course is based on a participant's manual, usually 50-75 pages long. The manuals are well organized and normally include a statement of course objectives, a table of contents, and 4-7 topics or teaching modules that form the heart of each course. The overall emphasis is practical and pragmatic. Materials usually focus on a basic explanation of the topic, give examples, and then provide simple exercises to apply the materials learned. Forms and procedures to apply ideas in the participant's own company are usually integrated into the materials. Little management theory, as such, is presented. That which is introduced is simple, explained in its basic, standard form, and emphasizes applications.

As such almost all materials are clearly aimed at mid level, operational management, or in some cases lower level specific job functions, such as retail store salesperson, executive secretary, or receptionist. Naturally, the quality and characteristics of each course vary, as is to be expected. Some courses are better organized than others, some participant's manuals are more complete and contain more illustrations, while others are more

like lecture notes. All are clearly acceptable and most are quite good, in terms of topic coverage, presentation, and pedagogical approach. Given that all of these materials have been through a period of development and use (in some cases for 15 years) the materials are proven and effective. The fact that each course was initially taught by an AMA instructor and that in some cases instructor's guides are available also contributed to the introduction of an established, fuctional seminar program.

Naturally, the overall high quality of these materials should not oveshadow the need for fine tuning in some areas. The material for several courses seems somewhat extensive to cover in only two days, especially if participants have different backgrounds, experiences and levels of knowledge. In other cases, statistics and factual information are clearly outdated and need revision. (i.e. advertising, statistics presented in MNM are 20 years out of date; some accounting principles have changed since original course design, dates on forms, memos are 10-15 years old). Some material of limited level relevance is included. Overall the quality of physical reproduction (printing) in some of the materials is less than ideal and read ability is diffcult. All of these can be easilly corrected with little effort. This was the case with the GPPO course materials, which were edited to "localize" some data and case examples by using Honduran currency units, and appropiate industries as case examples.

It is useful to consider the long term development and refinement of these AMA courses. In some areas condensations of materials may be appropriate to develop shorter modules which can be taught in one day or half day formats. In others cases the generic AMA material could be refined by providing a specific industry or business focus, i.e. marketing for hotel executives, collection and credit in banks, personnel management in banks, or the like. It is important that these courses be continually modified by local instructors on the basis of their experiences and changing circumstances. With the exception of the GPPO course, little modification to the standard AMA package has been done. Although this does not detract from the quality of the central core of the materials, a general editing of each manual to update information and statistics, delete obviously irrelevant material, and insert local examples would enhance the perceived timeliness, relevance, and appeal of the materials. Such editing could easily be included as an exercise and requirement in the instructor training program. If done in small groups of 2 or 3 intructors per course the work would not be burdensome and could be a worthwhile training experience by encouraging a close, critical, application oriented review of teaching materials. The small group review would also broaden instructor familiarity with different materials and topics, besides his speciality, thereby improving GEMAH's instructor back up capabilities.

Table B.2. ilustrates the number of times each course has been taught in 1984, 1985, 1986, and 1987 to date. As the numbers indicate both course offerings and participants have grown

rapidly and exceed project targets easily. 1987 plans call for a total of 108 programs, 3 public seminars per month (2 in San Pedro Sula and 1 in Tegucigalpa) and 6 in company programs per month (4 in Tegucigalpa and 2 in San Pedro Sula). Several observations are relevant based on the data presented in this table.

First, average attendance per seminar is low. Attendance is not a critical variable for in company programs, as it is limited by the nature of the program and the financial consequences are covered by the fixed fee arrangements. However, it is critical for public seminars. Average participation (including scholarships) in public programs has been 13.6 in 1985, 13.9 in 1986 and 19.4 through April of 1987. Although the first 4 months of 1987 show improvement, it must be noted that most of that is due to 1 sesion of 1 course (ACA), which attracted 43 participants. Moreover in 1985, 1986, and 1987 only 2 programs attracted an average of 20 or more participants; 6 programs averaged 10 or fewer.

This low attendance is a concern for two reasons. First, on pedagogical grounds public seminars with few participants are difficult to teach effectively. Opportunities for discussion, exchange of ideas, work in groups, and break out activities are reduced. Although estimates vary by subject matter and teaching methodology, most seminar instructors consider 20-25 the minimun number of participants for effective teaching and learning and feel attendance can reach 65-70 (assuming appropriate physical facilities) without detracting from academic quality.

Second, such low attendance levels are unattractive economically. As discussed in the section on financial self-sufficiency, one key characteristic of public seminaries is a high ratio of fixed costs to variable costs. Since most GEMAH public seminars are operating at levels only slightly above direct costs, even relatively small increases in average attendance can increase contribution dramatically. Present attendance levels suggest total seminar contribution can be more easily enhanced by increasing average seminar attendance than by increasing the number of seminars offered.

A second observation is that there is a heavy emphasis on one course, GPPO, in terms of both number of offerings and participants attracted, as indicated by the folowing:

GPPO as a portion of total GEMAH activities

	1984	1985	1986	1987 (4 months)
% of courses	67	26	41	40
% of participants	63	32	47	39

Moreover GPPO has accounted for 42 % of seminar revenues since

June 1, 1984, and an even higher percentage of seminar contribution. The 1987 GEMAH Budget calls for in Company Programs (primarily GPPO) to provide a contribution of Lps.190,000, plus Lps. 144,000 for diagnostics, implementa-tion and follow-up. Public seminars are budgeted to contribute only Lps.61,839. Assuming these budget projections are reasonable, this means that one program accounts for 75% of training program contribution or 84% of training program contribution if the add ons for diagnostics, (etc. are considered.

This heavy reliance on one program poses a number of issues. On the positive side it is an attractive offering from both supplier and user perspectives. Also, its low cost, high contibution characteristic balances the nature of public seminars. Since GPPO is de facto the core product in GEMAH's training portfolio, it provides a viable retrenchment strategy if financial difficulty is encountered. The overhead related to public seminars could be eliminated, those seminars curtailed, and positive contribution could still be generated, although at the cost of a very narrow training impact.

On the negative side, this dependence also poses a number of risks. One is heavy reliance on AMA technical assistance. The course was originated and designed by Jose Urdaneta, the AMA adviser, in the early 1970's. In Honduras he has personally taught the vast majority of the sessions of this offering and has also been instrumental in the process of selling the course to companies. Conversations with managers who have introduced the course in their companies indicate, without exception, that the experience, credibility, and personality of this individual was an influential factor in the purchase decision. Replacing this individual with local counterparts when the AMA technical assitance agreement ends is critical to insure the financial viability, training impact, and user benefits of GEMAH. To date GEMAH has trained only one local individual who is now giving the course independently and without assistance. The training involved a seminar in New York, and a period of apprenticeship like work with Dr. Urdanetta. The key point is that this course involves a high degree of organizational development work and hence requires an instructor skilled in this area. Experience is important in developing this skill. Although at least 2 other members of GEMAH's group of instructors are in various stages of preparation, their training is not yet complete.

This situation may pose some capacity constraints at the end of the technical assistance period. GEMAH plans call for 6 in company programs a month, most of which will be the GPPO course. Allowing 2 days for the course, and 1 day each for diagnosis, implementation, and follow up requires 5 instructor days per course. Since the course functions best if one instructor stays with a program from beginning to end, budget plans seem to exceed present delivery capacity, even assuming perfect scheduling, and no "down time" for the instructor, such as selling programs or other tasks.

The evident competence enthusiasm, and dedication of the GEMAH instructor notwithstanding, the goals set require more people. This is exacerbated by the fact that only the one completely trained local instructor is a full time GEMAH employee. The others come from GEMAH's local instructor group, have full time jobs in other fields, and work for GEMAH on a per course basis. It is unlikely that any one of these individuals would be available for more than one program per month.

For this reason it is imperative that GEMAH emphasize completing the training of at least four members of the instructor's group for the GPPO course, while the AMA technical assistance is still available for tutorials and supervision. If the AMA technical assistance activities are extended, training of these GPPO instructors should be a specific, priority component of the agreement.

Market saturation is another risk. By its very nature the course is most attractive to large and medium large companies and government agencies, who can afford the course, are sufficiently complex to benefit from it, and have a management team of at least 8 persons. The 1984 AMA study (A Study of Management Training Needs and Existing Resources in Honduras) suggests that there are probably no more than 2500 companies and government agencies that might be considered as potential candidates for the course. Only a fraction of these will actually purchase it. By the end of 1987, if plans are met, the course will have been taught 127 times, which suggests that some saturation is inevitable. Although there is no compelling evidence that this is a problem today, GEMAH should start anticipating this possibility in the future.

Reliance on a narrow customer base is also a risk. Conversations with the Executive Director indicated that 32 of the 59 offerings of this course were either to AID itself, paid by AID grants to other institutions, or undertaken at AID's urging. Although this does not detract from the value and quality of the training received, it does indicate a perhaps higher than desirable reliance on a funding source which may not be stable in the future.

Several additional observations and comments are relevant regarding GEMAH's training offerings. First, the overall scope and quality of courses is impressive. GEMAH has made much progress, quite rapidly. Its scope of business of training activities in Honduras is now more extensive than INCAE's in country programs, and INCAE has been active for more than twenty years, with a greater financial and instructor resource base. The technical assitance has been most succesful in producing a group of quality, well received courses.

Second, as is to be expected, these are still gaps in course

coverage and training needs which are unmet. These gaps can be viewed along several dimensions. In terms of management level, GEMAH offerings seem to focus on mid-level, operational management or in some cases lower level administrative functions (secretaries, receptionists, warehouse, management). These are no offerings which appeal to top managers. The 1984 AMA needs assessment of management training in Honduras identified management training courses designed exclusively for chief executives as a felt need, an area with no existing offerings, and something for which managers are willing to pay. The AMA courses provided, however, did not follow-up on this opportunity. Although this type of program is among the most difficult and costly to present, GEMAH's developed credibility and position in the business community through its membership network make this an attractive segment to pursue.

In terms of business function, most courses focus on general, generic management, without any specific business or industry focus. Development of materials related to a specific business (Hotel, Restaurant Marketing, Food Service Operations, Management for Doctors, Banking) would add another dimension to course offerings. Specific course gaps demand but no supply) area identified by the AMA study are market research, international distribution, and export regulation requiremente for exporting companies, Honduran labor law, export orientation course, and effective oral, written, and interpersonal communication skills.

Only one offering related to current, topical issues has been developed (devaluation). Short, focused briefings, usually by someone especially knowledgeable or directly involved, and related to a current topic of business interest are another gap in course offerings. Examples of such briefings might include executive and company security, an annual economic forecast and outlook for interest rates, commodity prices, etc., and privatization.

Almost all GEMAH programs to date have been delivered in one format only: Two full days, 8:00 A.M. to 5:00 P.M. There is some evidence that this is not the format most desired by the market. The 1984 AMA study, which interviewed over 200 managers, conclude that 45% of managers preferred that training take place outside of working hours; 27% expressed a preference for training during working hours. Managers of firms in the commerce sector and the service sector seemed particularly reluctant to have training take place during working hours. Only 12% and 6%, respectively, of the managers interviewed in those two sectors wanted training during the day. A 1986 market study conducted by ITAE for GEMAH reinforced this point. The survey of 187 managers revealed the following preferences:

PREFERED SCHEDULE

Morning	3.2 %
Afternoon	13.9 %
Night	48.1 %
Complete Day	8.6 %
Any	10.1 %
None	16.0 %

PREFERED HOURS

8:00 A.M. - 5:00 P.M.	13.9 %
5:30 P.M. - 9:30 P.M.	52.9 %
Any	10.7 %
Others	3.7 %
None	18.7 %

The conclusion is that by relying on a standard time format, especially for the public seminars, GEMAH may be inadvertently making it difficult for some groups to participate. This may in part help to explain low attendance at some programs. The point is that there is no one time which is inherently superior or optimal, but that different groups have different preferences. Although in the past scheduling may have been influenced by the in county availability of foreign instructors, that constraint will be removed as local instructors take over. At that time GEMAH should experiment with a variety of scheduling options, monitor the results, and react accordingly.

The same observation may be true for pricing, which has been relatively standard and invariant. Although present pricing seems in line with the competition and more or less comparable to that charged by similar organizations in other countries, it may still be worthwhile to experiment with different price levels to measure the effect on demand, especially for the public seminars. Given the economics of these seminars, it is very useful to know if price decreases will increase attendance. Some carefully monitored changes in pricing may have the effect of both increasing revenue and attendance. Since this is essentially an empirical question, some experimentation may be worthwhile.

A final observation concerning GEMAH course offerings is presented in Table B.3. This chart applies the well-know Boston Consulting Group product portfolio matrix to GEMAH course offerings. The matrix sorts course offerings into four groups, based on high or low sales volume and high or low costs. The courses in quadrant A are these with high current costs, due to recent development and/or adquisition and as of yet have generated little revenue. These are basically newer courses or

TABLE B.3.

GEMAH COURSE PORTFOLIO

	A PEF FNF TMF ACA QUESTION MARKS	B RIE LSE TQC ENJG TAEV GPPF STARS
	C TAM CVM PE EXITO/TDO MNM PCP VDM MRC ADP DOGS	D GPPO TVF DCD SYS CASH COWS

Sales/Revenue

LOW HIGH

those just beginning to develop a following in the market. The hope is that these courses will produce more revenue in the future, but their present situation is unattractive. The courses in quadrant B are fairly recent, with either as yet unrecovered acquisition costs or heavy marketing expenses, but seem to have been successful in developing sales and a market following. These can be expected to become significant contribution generators in the future, if market acceptance continues, as associated costs will decline. Programs in quadrant C are cash cows; they produce significant contribution because current costs are low and market acceptance is high. Although few in number, these four courses generate almost all of the training program's contribution. They, thus, support the other courses and contribute to covering GEMAH overhead. In a financial sense they are the core of the program. Courses in quadrant D have low costs and low revenues. Although they more or less cover their direct costs, they have never developed market acceptance or produced significant revenue. The situation of these courses may suggest a lack of interest in these topics or that the material should be redesigned to better meet the perceived needs of the training target in that particular area. Either marketing methods for these courses have been poor or the course itself is deficient. These courses, obviously, require redesign, new marketing strategies, or elimination.

The placement of the courses in the quadrants represents the judgement of the Executive Director, supplemented by conversations with the Seminar Program Director, and a review of seminar revenue records. As such it seems a reasonable presentation of the situation, but is essentially judgement based.

Several conclusions are appropriate, based on this presentation. First, as discussed earlier, the reliance on a few cash cows is a concern which must be reinforced based on this analysis. Second, the relatively high number of dogs requires some attention. These courses should be examined to see if they can be modified, reformated, or marketed more succesfully. In some cases this may be as simple as marketing the seminar as an in-company product, rather than a public offering. VDM and TDO are logical candidates for this. In other cases reduction in length, to say 1/2 day, or placing the basic concepts in a specific industry or business setting may be useful. For some the topic may be too specialized to generate sufficient interest (MRC, PE, MNM). The critical point is that these courses should be revised and adjusted before they are offered again.

Third, and most important, the matrix suggests a continuing need for new course development. Given the relatively small size of the training market, the possibility of emerging competition, and as of yet unmet training needs in some areas, GEMAH must continually develop new courses if it is to accomplish its objectives. The fact is that all GEMAH offerings have been

purchased as canned "off the shelf" products from other developers. Twenty one of the 23 offerings listed were purchased from the American Management Association as part of the technical assitance grant. Although there is no inherent restriction on continuing to buy AMA courses using GEMAH's own funds after the agreement expires, it would be unwise to rely on the AMA as the sole source of new courses, for, several reasons. First, AMA courses and foreign instructor costs are high, both in absolute terms and relative to the income that could be produced. Second, AMA courses do not cover the range of formats, topics, and level of target audience desired. Third, other sources are available which can provide appropriate materials at lower costs. Finally, the development of ability to produce its own materials is a critical step in GEMAH's own growth and maturity. Development of a capacity to obtain new course materials is perhaps one of the two most critical issues in GEMAH's self-sufficiency. This development must work simultaneously in two directions: identifying the specific courses/materials to be developed and establishing an internal mechanism to obtain the materials once identified.

To date GEMAH has made initial steps in these directions. Discussions have been held with GEMAH instructors to start the development of 7 programs by them:

Control of Production Costs
How to Export to the USA
Directing Executive Meetings
Practical Course on Administration for Credit Managers
Seminar for the Banking Executive Secretary
Human Behavior in Work
Seminar on Management Control

Each instructor was given a brief outline form (really a course market prospectus) to describe the course to be developed and then tasked to produce the participant's manual for the course. The manual is to be reviewed by the Executive Director, the AMA technical adviser, and GEMAH's Board of Director before the course is offered.

At the same time other GEMAH instructors are developing short 1/2 day modules on specific topics. These modules are 4 hour condensations of AMA materials and deal with:

Effective Closes in Personal Selling
Effective Delegation in Modern Administration
Collection
Preventative Maintenance

At the last Executive Board meeting GEMAH discussed establishing 9 commissions, each one dealing with a functional business area. Each commission would consist of 1 instructor, 1 GEMAH board

member, and 20 business people. The commission would identify problems, suggest training needs, and review program ideas. The purpose is to insure that programs speaks to real business needs. Secondary benefits include involving more GEMAH members in the training program and "preselling" courses to businessmen. This market orientation is a very necessary and overdue step, which GEMAH should be encouraged to implement. This will do much to insure that course offerings are made to a receptive market. In the past there may have been a slight tendency to obtain courses because they were readily available from the AMA suppliers, and not necessarily because they were the most appropriate.

Although details of implementation will need to be worked out, these activities should help establish GEMAH's capacity to replenish its course supply. It is likely that GEMAH will need to obtain courses from outside suppliers on a continuing basis to complement its own development efforts. For the reasons mentioned above it will be useful to develop relationships with a number of different instituions for course acquisition. Key aspects of the acquisiton procedure should include training of a GEMAH instructor to eventually teach the program, an initial program presentation in Honduras, and a continuing right for GEMAH to use the course and materials on its own. Several PACCIOS members are familiar with GEMAH and would be logical quality suppliers at lower cost than the AMA. These include APEDE in Panama, IPAE in Lima, and IESA in Caracas as the most promising. Other institutions worth exploring course acquisition with are ITESM in Monterrey, Mexico, AGSIM in Glendale, Arizona (a generalized seminar program), ESAN in Lima, Florida International University in Miami (exporting, accounting programs, banking and hotel/tourism management). The International Center and World Trade Center of Miami (exporting), the University of Miami (Banking) and Louisiana State University (Banking) are other good contacts. Many multinational firms have well developed training materials and may be willing to work with GEMAH for joint presentation or the like.

In determining what specific courses to develop, GEMAH should review the training gaps identified in the 1984 AMA study. Many of the opportunities identified in that document still remain. The input provided by the 9 proposed commissions will also be valuable guidance. In the strategic sense of course portfolio management the important task is to attempt to develop an additional cash cow. The success of the GPPO course has revealed an unanticipated, attractive market niche for company specific, intervention oriented programs which go beyond traditional training to include identification of specific company problems, presentation of a training program which seeks to develop the tools and skills to deal with that problem, and follow-up assitance in implementing the techniques learned. Such new programs should deal with typical problem areas that are likely to be present in many firms. Development of quality circles,

quality control, and production efficiency is one such area.

Another is sales force management.

The program "Nature of the Free Enterprise System" also has the potential for multiple presentations, especially if external support for presentation in schools and workplaces can be arranged. GEMAH should pursue the implementation of this course, which was acquired from APEDE in Panama.

If the technical assistance agreement with AMA is to be extended, it is important that it include mechanisms which speak to enhancing GEMAH's capacity to maintain a continuing, viable product portfolio. Merely acquiring more AMA courses will only prolong the present situation. Specific provisions that would be useful in any extended technical assistance are:

1. A specific committment to train, tutor and supervise the development of 4 additional instructors for the GPPO course so that GEMAH will be left with a total of 5 such instructors.

2. Specific training for the instructor group in developing course materials, writing effective participant's manuals, case writing and the like, all aimed at enhancing skill in producing, and not just presenting, material.

3. Specific cognitive training for instructors in identified areas, aimed at developing or updating knowledge. This would provide formal study, most likely though seminar attendance, to enhance the knowledge needed for course development.

4. Financing to visit other relevant training institutions and purchase courses and technical assistance for introduction in Honduras. The key here is to develop new suppliers which, given a low cost structure, may be accessible to GEMAH on a self-financed basis.

5. Provision for review of GEMAH developed material by either AMA subject field experts or others, most likely university professors. The review would be for technical accuracy, completeness, and clear presentation. This is analogous to the textbook review process followed by publishers and is a low cost, quick method of obtaining the input of subject matter experts. Such reviews are commonly done by mail, at a cost of US$ 300 - 500.

B. Instructors

GEMAH has carried out an extensive program to identify and develop local instructors to teach the AMA courses after the initial technical assistance ends. A pool of potential candidates was identified and screened. Those candidates selected as possible instructors were then involved in a training program leading to AMA certification as a qualified instrutor. This program included:

1. Completing the AMA "Training the Trainer" couse, taught in Honduras.

2. Developing a series of teaching modules and presentation of classroom activities which were presented before a group of GEMAH instructors, critiqued and evaluated.

3. Working with AMA instructors who were in Honduras and attending their seminar sessions as a sort of tutorial for additional information and insights into the course taught.

In addition, GEMAH has had several individuals attend the AMA "Training the Trainer" course in New York. These individuals are now available to direct instructor training in Honduras and present the "Training the Trainer" materials locally.

Table B.4. summarizes the background and characteristics of the 43 individuals who have completed or are currently involved in this training. These characteristics, identified from a review of available resumes of the instructors, suggest an ususually well qualified group. Many have advanced degrees in business related subjects and most have studied outside of the country. Most importantly, the majority have significant management experience, defined as general manager on department head positions, or involvement in personal business activities.

The review of the resumes and qualifications of these 43 instructors indicates a group high on the scale of academic training and professional experiences related to business. Their professional experiences represent a good mix of commercial, service, industrial and government activities. Many are employed by large, respected local firms, which adds to their credibility. The relatively young age suggests an active, dynamic group.

A review of the course evaluation sheets of those instructors who have completed training and taught shows these qualifications are translated into effective teaching performance. Formal evaluations are very high, averaging over 18 on a 20 point scale, and written responses to open ended questions frequently show such favorable comments as "excellent presentation" "very dynamic

instructor" and other such praiseworthy comments. It is the impression of the authors of this report that these participants evaluations compare most favorably with those of instructors in similar seminar programs in Central America.

These characteristics are supplemented by a well designed and useful training program. The program not only enhances instructor skills, buy also serves to increase commitment, provide a source of personal development, and also enhance espirte de corps among instructors. Both the number and quality of instructors developed exceed program expectations. The development of this group of trainers is a valuable and enduring output of the project.

Interviews with instructors confirm the impression conveyed by the formal list of qualifications. Aside from professional competence, most noteworthy is the personal enthusiasm of these individuals for teaching, contributing to the development of Honduras by improving human resources, and a strong belief that what they are doing is worthwhile, both personally, professionally and socially. This sprirt of professional voluntarism is important, considering that the instructor honorariums involved (L. 800 for a 2 day seminar), although reasonble, are not an overriding inducement, taking into account preparation time, training time, course repetition frequency, the quality of the people involved and competing demands for their time.

INSTRUCTOR CHARACTERISTICS

Sex

Male	92.0 %
Female	8.0 %

Average Age

36.6 yrs.

Highest Academic Degree

Ph. D.	0 %
Masters	29.0 %
Bachelors	68.0 %
None	3.0 %

Place Where Highest Degree Earned

Honduras	30.0 %
Foreign	70.0 %

Significant Business Experience

64.0 %

Previous Teaching Experience

42.0 %

TABLE B.4

GEMAH INSTRUCTORS

NAME	TOPICS TAUGHT
SAN PEDRO SULA	
1.- Lic. Arturo Arana	TOC, TAM y AP
2.- Lic. Carlos Habencio Fernandez	TVP y VDM
3.- Lic. Roberto Perez Santiesteban	TAM
4.- Lic. Marcos Odilon Avila	TVP y TAEV
5.- Lic. Antonio B. Suazo	TAM y SyS
6.- Lic. Ricardo Martinez	DCD y ENJG
7.- Lic. Delmy de Segovia	RIE y LSE
8.- Lic. Ricardo Trujillo V.	PE y EXITO
9.- Ing. Jorge A Lopez	TMP y PCP
10.- CPA. Anthony F. Vick	PEF y FNF
11.- Lic. Mariano Moran	GPPF
12.- Lic. Hector Castellanos	TMP
13.- Lic. Teofilo Castillo V.	DCD
14.- Lic. Luis Alonso Lopez	TAEV
15.- Lic. Feisal Rishmawy	PCP

INSTRUCTORS COMPLETING TRAINING

16.- Lic. Francisco H. Franco

17.- Lic. Maria Guadlupe Funez

18.- Lic. Mario Ramirez

19.- Lic. Mario Guillermo Fajardo

20.- Ing. Jose Tulio Gomez

21.- Ing. Francisco Ovidio Paz

22.- Ing. Juan Jose Aguirre

23.- Ing. Carlos Rene Flores

24.- Lic. Luis Caraccioli Perla

25.- Lic. Evelio Betancourt

26.- Lic. Ricardo Granillo

27.- Lic. Carlos Young Reyes

28.- Lic. Virgilio H. Paredes

TEGUCIGALPA

1.- Lic. Jose Tercero Dias	TAM y GPPF
2.- Ing. Wilson Abdalah	COBRANZAS Y SYS
3.- Ing. Carlos Avila	TMP y GPPO
4.- Ing. Allan Greemberg	DCD y EXITO
5.- Lic. Kristine A. Currie	DCD
6.- Lic. Luis Felipe Molina	TAM
7.- Lic. Ernesto A. Vasquez L.	TOC

INSTRUCTORS COMPLETING TRAINING

8.- Lic. Carlos Roberto Valle

9.- Ing. Marcio Jose Aguirre

10.- Lic. Carlos Alberto Martinez

11.- Lic. Allan Pascua

12.- Lic. Luis Rafael Ruiz

13.- Lic. Matilde de Izaguirre

14.- Lic. Paul Schiftan

15.- Lic. Zulema de Soto

TOTALS

22 Instructors trained and have taught at least one course.

21 Instructors in later stages of training.

MEMBERSHIP

As of March 31, 1987, GEMAH membership rolls listed 168 total members distributed as follows:

Individuals		75 active
San Pedro Sula	70	
Tegucigalpa	5	
Companies		93 active
San Pedro Sula	74	
Tegucigalpa	19	
Total		
San Pedro Sula	144	
Tegucigalpa	24	168 Total

Membership in past years has been:

	1987 *	1986 **	1985 **
Individuals	75	81	99
Companies	93	86	65
Total	168	167	164

* As of March 31 ** As of December 31

As the above information indicates membership has been approximately stable since 1985. That is, the number of new members recruited has exceeded by only a small margin the number of members leaving the organization. There has been, however, an important chage in the composition of membership over this period. In 1985 39% of the members were firms; in 1987 55% of members were companies. During this period the absolute number of individual members declined from 99 to 75; company memberships increased from 65 to 93.

This emphasis on company memberships resulted from a decision in 1985 to focus recruiting efforts on firms. The stated reasons

for this decision included the belief that companies were less likely than individuals to leave the organization after joining and were also more likely to pay monthly dues promptly. Also important was the fact that company membership dues of $300 per year are twice those for individuals ($150 per year). Consequently, more income could be produced with the same amount of administrative effort for dues collection and membership services. The understanding was that the emphasis on company memberships, while perhaps reducing the anticipated growth in membership numbers, would, nonetheless, still result in meeting membership fee income goals.

The emphasis on company membership also corresponded with a growing focus on the firm in other GEMAH activities. As discussed in another section of this report, the seminar and training programs were also reoriented to emphasize in company programs for groups of employees from one business, rather than public seminars open to individuals from a variety of organizations, as originally planned. Marketing efforts also followed this direciton. In some respects this is the most important transformation in GEMAH activities in recent years, since it has moved the institution from an organization of managers, as individuals, to an association of companies.

Several observations are appropriate concerning these membership statistics. The absolute number of members of all types seems somewhat low. The membership of 168 today is below the goal of 400 planned for the end of project in June, 1987. Also, the stability in membership numbers since 1985 means that the goal of having the capacity to add 200 new members per year by the end of project will not be attained. Of course, to some extent this shortfall in membership numbers is a direct consequence of the decision to emphasize company memberships, which was discussed with AID and agreeded to at that time. Consequently, it is not appropriate to call GEMAH to task for not meeting a membership goal which is no longer operational. However, it is appropriate to point out several important consequences of this level of membership.

First, income from membership fees is low. The assumption that it would be possible to emphasize recruiting higher income producing/lower cost members and still meet membership fee income plans did not work out in practice. Original project plans call for $60,000 income from membership fees in the third year of the project. A reasonable estimate is that $ 36,700 gross membership income will be generated in this period. This estimate was calculated by assuming the March 31, 1987 level of 168 members will prevail for the entire year and calculating dues income based on 75 individuals at $150 per year, 16 firms at $150 per year, and 77 firms at $300 per year. Of course, this estimate will be low if net membership increases during the remainder of the project period. On the other hand, the estimate does not consider the 5% commission paid to collect the checks of members

who pay monthly, or the possiblity that not all dues payable will actually be collected (61 members are 120 days or more behind in payments).

The central point of this analysis is not that membership dues income has failed to meet a specific predetermined target, but that income, from whatever mix of members, may be insufficiently high to cover fixed costs associated with membership activities and also provide an acceptable level of services to members.

Table A.1. summarizes the overhead expenses of GEMAH, by city, and attempts to allocate each expense category pro rata to the two activity areas of membership services and training. For this purpose overhead expenses are defined as those identified as Gastos administrativos in GEMAH budget documents. As the table indicates the primary components of these expenses are related to salaries and physical facilities. Salaries were allocated to either membership or training activities based on the time each individual spent on that respective activity. The specific allocation was made by a consensus of the two evaluators, based on a review of the job descriptions for each position considered, discussion with each individual about how his/her time was actually spent, and a further review of time allocations with the Executive Director. Allocations related to physical facilities were based on the proportion of total available space primarily dedicated to each activity. Depreciation was allocated according to the primary use of the associated asset. The other category consists of a number of smaller, miscellaneous items (paper, supplies, travel costs, etc.) which were allocated based on their pro rata estimated use in each category.

Naturally any such allocation of overhead expenses to shared activities may be somewhat arbitrary. In this case only one allocation has the potential to influence the analysis materially. The allocation is that of the salary of the Executive Director. For this reason the allocation was also cross-checked with two members of the board of directors for reasonableness. Further, sensitivity analysis of the allocation indicates that even if the Executive Director devoted all of his time to the training programs, and none to membership service related activities, the central conclusion of the analysis would not change.

As calculated previously, current membership income is reasonably estimated at $3,058 per month. The above analysis indicates administrative and overhead expenses related to membership activities are about $8,158 per month. Furthermore, an average of about $360 per month is budgeted as a direct cost for membership activities of the organization. This suggests that additional membership growth is required before any enhanced membership service activities will be possible. Based on the current proportion of members between individuals and firms, 283

new members, or a total of 451 members, will be required to cover membership overhead costs. This assumes that each member pays average dues of $18 per month, the present average, which is equivalent to the current 45% individual 55% company split.

A noteworthy point of the above analysis is the high ratio of fixed overhead costs ($ 8,158) to direct costs for membership services ($360 per month). This underscores the importance of attaining a larger membership base. Until sufficient numbers exist to cover the fixed costs, additional member services will require outside financing or need to be self liquidating, which constrains member activities. Other similar organizations seek to return about 30% of membership dues income by specific identifiable services to members. The uncovered fixed costs in this case restrict the direct benefits available to members to the present level, at best.

Membership levels also appear low in a relative sense, compared to the number of managers and companies who are potential members. A June, 1984, study (A Study of Management Training Needs and Existing Training Resources in Honduras) conducted for AID by the American Management Asociations International Division estimated that there are approximately 11,000 managers in the private sector in Honduras, exclunding agriculture. Of these, approximately half are in medium sized and large companies, the logical target for GEMAH membership. A census of business conditions conducted by the Ministry of Labor indicated that 38% of Honduran companies are located in the San Pedro Sula district.

This implies approximately 2,090 managers working in the San Pedro Sula area in medium and large firms. Until recently GEMAH membership recruiting activities have focused on San Pedro Sula, so the 2,090 figure is the most appropriate estimate of the potential membership base. Of this number 70 individuals and 74 companies are GEMAH members. Although company membership may cover several managers in one company, it appears that approximately 7% of membership potential has been reached. It is difficult to judge a priori what is a reasonable share of this potential. However, the figures do suggest that ample potential for membership expansion does exist, even in the geographic area where GEMAH has been most active. The 1984 AMA study also suggested that an approximately equal number of private sector managers exists in the Central District. Thus, membership potential in the Tegucigalpa area is also attractive.

GEMAH records indicate that 349 individuals or companies have been members at one time or another since the organization's founding in late 1980. This suggests a turnover, or dissertion, rate averaging approximately 30 members per year, or 18% of the current membership base per year. Membership turnover is natural in the early years of an organization's life. The current rate appears slightly high, based on that of comparable organizations

BENEFICIOS OTORGADOS A SOCIOS DE GEMAH

Las empresas y personas asociadas participan de los siguientes beneficios:

1. Descuentos especiales en cursos, seminarios, charlas de capacitación que desarrollamos continuamente.
2. Envío de correspondencia técnica/informativa referente a temas de negocios.
3. Contactos con hombres y empresas de negocios, nacionales e internacionales.
4. Facilidad para usar nuestra Sala de Conferencias para eventos propios de su empresa.
5. Participación de su personal técnico y profesional en becas, que son ofrecidas a los miembros de nuestra organización por la Agencia Internacional para el Desarrollo (AID) y otros organismos internacionales.
6. Uso gratuito de nuestra Biblioteca Gerencial.
7. Obtención de libros de gerencia a precios especiales.
8. Participación en eventos sociales, sesiones de Junta Directiva, Asambleas, etc.
9. Opción a ser electo en cargos de la Junta Directiva.
10. Elegir miembros para la Junta Directiva.
11. Banco de Curriculums para selección de Ejecutivos.
12. Información sobre valoración en el mercado de Sueldos y Salarios.
13. Participación en Intercambios Gerenciales que se realizan el último jueves de cada mes, con temas de actualidad y con distinguidas personalidades.
14. Participación en Conversatorios Institucionales.

* * * * * * *

elsewhere that average about 10% attrition per year. Given GEMAH's stated goal of recuriting 5 new members per month, half of this effort is needed to maintain membership equilibrium.

There has been no systematic study or survey of the reasons for which members leave the organization. Since it is oftentimes easier to retain present members than recruit new ones, such information may be useful in planning GEMAH's activities and designing a "package of benefits" that is optimally appealing for members. The next page lists the present benefits designed for members. Review of these offerings, based on membership desires and satisfaction, seems appropriate.

Presently membership recruiting is formally identified as the concern of the membership director and the seminar salespeople, who are assigned recruiting targets (5 new members per month) and receive a commission of L. 50.00 for each new member recruited. Given the heavy workload of these individuals in visiting existing members (the membership director devotes 2 weeks per month to member visits), promoting seminars each month and other related activities, sufficient time may not be available for this activity. Moreover, the commission offered for new members (L. 50.00) is slightly below the average commission now paid per seminar participant (about L. 55.00 based on the average commission charged to seminars in February). Most importantly the interviews with GEMAH members indicated that the majority have joined because of the strong recommendation of a respected colleague or friend, or a favorable experience with a GEMAH program.

The calcutations described above have indicated that approximately 450 members are required to cover administrative overhead that cannot be allocated to the training programs. Without this level of membership the training programs will subsidize the membership activities. This may have the effect of making membership activities, the central thrust of the organization, dependent on the financial performance of the training programs. For this reason comparable organizations that combine both training and management association activities seek to insure that each component is independently self- sufficient financially.

Given this situation it is important for GEMAH to attract new members. The recent expansion to Tegucigalpa has the potential to move GEMAH toward this number, if the taget of 210 new members there in the next two years is reached. For this reason it is recommended that GEMAH establish a working Committee on Membership to strengthen its recruiting activities. This Committee should review member satisfaction with activities, suggest new programs that might attract new members and most importantly, become personally involved in recruiting new members and encouraging other members to do likewise. There are a number

of larger,important business that are not yet GEMAH members.

These firms should be targeted for special attention by this committee.

The emphasis on company membership may mean that in some cases outstanding mid-level executives or department heads in larger companies or business groups may not be specifically identified, receiving information, or directly involved in all GEMAH activities. A special effort should be made to identify these people and insure they are included. One way to do so is for company members to nominate additional executives who could be included in addition to the general manager, perhaps with an extra fee of L. 10.00 per person.

Although it is important to attract new membership, care must be taken to not change the fundamental characteristics of the present membership base in an effort to build numbers. An image of prestige, professionalism, status, and some degree of exclusivity must be retained to maintain the interest of top management of large and medium sized firms in participating in GEMAH activities.

To date GEMAH has done a good job of attracting a number of energetic, young, well placed members who are enthusiastic and supportive of the organization. This has provided a critical mass or central core of membership which is essential. With some strengthening in recruiting activities and growth in membership numbers GEMAH is well positioned to continue increasing its services to members and to the community.

C. Attainment of Project Goals in Membership, Persons Trained, and Training Courses Offered

Project Activity	Year One		Year Two		Year Three		Total	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Act
Total Members	160	153	225	153	400	168	400	16
Persons Trained	560	370	770	1074	1080	1386	2410	283
Courses	9	23	22	41	36	86	67	15

The above table, based on years of June 1-May 31, indicates actual versus planned performance for each year and the project as a whole in terms of the three critical variables specified in the scope of work. As the table indicates the project has exceeded its targets by wide margins in the two most important activities. Number of courses exceeds plan by 224%, persons trained exceeds plan by 17%. Most importantly, these high levels of activity have been accompanied by high levels of participant satisfaction and quality program offerings.

The formal goal of 400 active members was not met. This shortfall, in part, resulted from a change in membership strategy in the second year of the project to emphasize companies, instead of individuals. Since this change was concurred with by AID, the original target is no longer operational. A more complete analysis of this decision is contained in the section on membership. To some extent the higher fees paid by companies have offset part of the financial impact of this decision. However, present annual income from membership dues of US$36,700 is below the projected level of US$ 60,000.

The project also called for a number of other activities:

- 32 local instructors were to be trained. To date 42 have been trained or are in the final stages. Local instructor quality is excellent.

- Issues of a magazine published. To date 4 bulletins and 1 magazine have been produced.

- a 700 book library established. To date approximately 336 books are available on shelf in the San Pedro Sula office for members to borrow. Of these, 77% are in English. Almost all of those consist of the AMCOM series published by the American Mangement Association. To date use of the library has been low; in part because most books are in English, no catalog of holdings exists so the shelves must

be scanned to see what is available, and little promotion of their availability has been done. Approximately 500 Spanish books have been ordered and should arrive at any time. If the library is to be well utilized it is necessary for the books to be cataloged by a professional librarian. Alernatively the National Employment Service of CADERH has a computerized library manage software available for sale. The program, which has been used previously, is available with installation assistance, and seems well suited to GEMAH needs. This package also has the capacity to include a several hundred word descriptive abstract with each listing. This is a very attractive feature for GEMAH, since a duplicate computer disk could be held in the Tegucigalpa office which would permit memebers to select and order books there.

To further enhance its library activities, GEMAH should create a library committee among its members. The committee could among other things solicit dontations of books from publishers, embassies, or individuals, as well as support library development generally.

D. Assessment of the extent to which GEMAH delivers the products it has to sell, whether recipients believe they received what was advertised, and changes needed in marketing strategies.

Available indications suggest that GEMAH is delivering the products it has to sell. Public seminars, which are announced and scheduled six months in advance, with only 1 exception in the life of the project, have been given when and where announced. The exception was caused by the death of a close family member of the instructor shortly before the scheduled which was subsequently rescheduled and offered.

Participants in both public and in-company programs are quite satisfied with the programs themselves, as indicated by very high participant evaluations of the courses, the significant economic returns for businesses which have received the GPPO program, and the very favorable impressions reported by participants who were interviewed for this evaluation. These reactions are described in detail in sections E and F.

The in depth interviews of company managers and others confirmed this overall impression, but did indicate three relatively minor problem areas which some companies had encountered in the past.

1. Difficulty in scheduling the follow up consulting purchased as part of the GPPO package. Several companies mentioned this problem, indicating some difficulty in scheduling and delivery of this service as promised. It is worthwhile that these few comments were noted in the first half of the project's life and have not appeared more recently. To some extent this can be explained, but not excused, by the fact that only 1 individual, the AMA consultant, was available to do this work until fairly recently and scheduling of his time was constrained by his presence in Honduras for only 2 or 3 weeks of each month. With the training of a local instructor, capacity and scheduling flexibility has been increased and the problem seems to be resolved.

2. Perceived outdatedness of the Multimedia programs. Several comments suggested that the films and tapes seemed outdated, in terms of physical setting, fashion, mannerisms of characters, and standards of presentation. Review of these materials by the evaluators supports this observation. Although this does not detract from the central quality of the concepts presented, it is distracting and presents an outdated image to the viewer. GEMAH has responded by deemphasizing the role of this particular program in its

offerings and assuring that customers preview the materials before contracting for their use.

3. Several comments indicated that public seminar attendees sometimes felt that material presented was insufficiently responsive to their needs and expectations upon enrollment. To some extent this outcome is inherent in the nature of public seminars. Material must be prepared in advance for a broad, diverse audience, whose specific characteristics are unknown, but mixed. Thus, some sacrifice of specificity and focus is necessary for broad market appeal. This can be especially troublesome in business envionments like Honduras, which are small and characterized by a range of firm size and public-private sector mix.

   In part this must also be attributed to salespersons's lack of familiarity with offerings in early years. Many new programs were introduced and taught by foreign instructors in a short time. Sometimes only brief outlines or descriptions of the program were available for marketing purposes. This lack of information, the uniqueness of some of the offerings, and enthusiasm to generate attendance may have resulted in participant expectations which, in retrospect, were unrealistic, especially in terms of academic level and public-private focus. This situation seems to have been corrected as salespeople are more familiar with the content of programs and appropriate audience characteristics. To this end GEMAH has encouraged salespeople to attend seminar sessions, review materials, and discuss the program with instructors. The approval process for new locally developed seminars requires that a market prospectus describe the appropriate audience, which will reduce the possibility of this problem for these offerings.

   Notwithstanding these observations, overall participant reaction seems to be that what was delivered was as promised. As part of the interview process participants were asked to indicate their degree of agreement or disagreement with the statement "The training program provided what I expected" using the 5 point Likert scale described below:

1	2	3	4	5
Highly Agree	Somewhat Agree	Neither Agree or Disagree	Somewhat Disagree	Highly Disagree

   The average response of 21 subjects was 1.7, which reinforces the conclusion of a high degree of satisfaction in this area. As part of the analysis of this topic, the evaluators reviewed all of the promotional materials and brochures used to market the program in the last year. It is their judgement that the materials describe offerings in a reasonable, fair, and accurate, yet positive, manner. That

this is so is no surprise, since the promotional materials, like the courses themselves, are "modifications" of AMA materials used elsewhere.

The overall GEMAH marketing strategy seems to be effective and working well. Three key elements of this strategy have been to: 1. Emphasize the AMA relationship to establish credibility.

2. Focus initial eforts on reaching top management, and then allow that individual to persuade others in the firm.

3. Emphasize in-company programs and the GPPO course.

In retrospect this strategy was well founded in an envionment where business has been reported to be sceptical of the benefits of training and reluctant to spend money. Although long-term in nature, this entry strategy is producing results in that a number of general managers are now enthusiastic supporters. About 70% of public seminar participants report they attend on the recommendation of their boss. Reception for the GPPO course, which plays to the strength of the AMA technical assistance, is positive and has produced specific benefits for users. This has resulted in enthusiastic word of mouth support and recommendations.

In business usage, marketing strategy refers to decisions about product offerings, price, distribution, and promotion. Specific recommendations and evaluations of each of these elements of GEMAH'S activities have been presented in sections A and B. By way of summary, four primary marketing related recommendations stand out:

1. Develop the capacity to generate new course offerings, both internally and from new outside supliers, to fill identified training gaps, reach new target audiences, and reduce supplier/product dependency.

2. Experiment with price and schedule changes in an attempt to reach new market segments.

3. Reemphasize marketing efforts (and not change strategy) for selling in-company programs and memberships.

4. Review incentives offered to salespeople to be sure they motivate increasing attendance at public seminars.

A final insight into the efficiency of GEMAH'S marketing activities is provided by the results of a 1986 survey conducted for GEMAH by ITAE. The results of two survey questions, shown below, are relevant.

Have you seen GEMAH Advertisements?

	San Pedro Sula		Tegucigalpa	
	Number	Percent	Number	Percent
Yes	145	77	44	92
No	42	23	4	8
Total	187	100	48	100

Have You Received Brochures Describing GEMAH Course?

	San Pedro Sula		Tegucigalpa	
	Number	Percent	Number	Percent
Yes	113	60	44	92
No	74	40	4	8
Total	187	100	48	100

The sample is reasonably large and heavily weighted towards medium and large sized firms, since 81% had 20 or more employees.

Although not representative of the general business population, it is highly indicative of GEMAH'S target group. The percentage of companies being reached by the advertising and brochures is quite high in both cities. This lends support to the notion that promotion activities are effective.

E. Asses beneficiary satisfaction with training provided.

The conclusion of this evaluation is that beneficiary satisfaction with the training is quite high and that the training programs have done an excellent job of meeting client expectations. Four specific pieces of evidence support this conclusion.

First, financial returns to training are quite high, as documented in section F. Managers are aware of this and are well satisfied on this dimension. Managers interviewed also viewed the training as producing highly positive qualitative changes in communication, contributing to a more pleasant work environment, and higher employee morale and motivation.

The interviews produced several anecedotes indicating that satisfaction is high with the GPPO offering:

- The vast majority of firms are continuing to use the course materials and follow up with implementation on the job.

- A fire damaged one firm shortly after the course. Elmployees worked through the weekend to repair the damage without any resulting disruption in production. Management attributes the effort to the effects of the course in building employee morale, motivation, and identification with the business.

- One manager replaced his desk with a conference table after the program to dramatize his commitment to two way communication.

- Subordinates have observed dramatic changes in superior's management style.

- AID/Honduras has itself implemented the program and recommends it to clients.

- Several firms have provided letters documenting the effects on their business as testimonials for promotional purposes, an unusual practice by Central American standards.

Second, as documented in section K, the image of the training programs is positive in the business community, which suggests a high level of participant satisfaction.

Third, instances of repeat purchases and recommendations to others, the ultimate test of satisfaction, have been high:

- Nine of the 32 institutions who have purchased the GPPO

course have bought more than one offering.

- Two managers have used the GPPO course upon changing jobs, based on positive experiences in their previous companies.

- The ITAE survey documented a high level of willingness to repurchase on the part of managers who had used GEMAH programs among the 235 firms included in that survey, as follows:

Will Your Firm Return To Participate in Other GEMAH Training Programs?

	San Pedro Sula		Tegucigalpa	
	Number	Percent	Number	Percent
Yes	78	41.7	34	70.8
No	2	1.0	3	6.2
Have never Participated	107	57.3	11	23.0
Total	187	100	48	100

Overall 112 of the 117 (96%) of the firms who have contracted GEMAH training are willing to do so again.

- Information supplied by public seminar participants indicates that 70% do so at the suggestion of their boss.

Finally, evaluation sheets completed by participants at the conclusion of public seminars indicates a high regard for these offerings. Participants are asked to indicate their overall reaction to each program on a scale ranging from 1 (lowest) to 20 (highest). The average for 1986 courses (based on courses, not weighted for participants) was 18.45, which corresponds to the excellent category. These uniformly high average ratings compare very favorably with the best ratings of comparable programs of which these evaluators are aware.

F. Economic evaluation of returns to training.

The financial and economic benefits resulting from training were analyzed using 7 alternative measurements suggested as the result of conversations with AID officials:

A. Percentage net annual return, based on management estimated costs and estimated payback period.

B. Percentage net, annual return, based on management estimated costs, and estimated payback period adjusted to compensate for difference between management estimated costs and total costs.

C. Percentage net annual return based on total costs and profits attributed to training by management.

D. Percentage net return based on total financial costs and profit change for the firm in the financial reporting periods immediately before and after training.

E. Percentage net return based on total financial costs plus social costs (AID subsidy of Lps.8000 per program) and attributed profits.

F. Percentage net return based on total financial costs plus social costs, and profit change for the firm before and after training.

G. Percentage net return based on total financial costs plus social costs, and management estimated payback period adjusted to compensate for difference between management estimated costs and total financial plus social costs.

As is true in all types of benefit/cost analysis, the results of the analysis are heavily dependent on the approach used, the quality of data obtained, and the specific assumptions inherent in the technique. For this reason no one measure is inherently superior, and a variety are presented to given an idea of the range of results possible. Method A relies on management estimates of course costs and an estimate of the time required to recover those costs through program benefits. Its advantage is that the payback period estimate is a subjective construct which reflects the judgement of the one best informed individual in the company about the value of the benefits which resulted. Managers were asked "How long did it take to get back the costs of the course through benefits produced?" The answer is subjective, but is perhaps the one best indicator of this key individual's appreciation of the financial consequences. The disadvantage is that cost estimates are usually understated, since many managers think only in terms of course fee. (averaging Lps. 4,000 per

course, plus Lps. 3,000 for diagnosis, implementation, and followup). Other costs (food, site, travel, and salaries of attendes, are not usually considered. The assumption of the method is that knowing managers estimates of cost and payback period, net returns can be easily and unobtrusively calculated.

Method B refines this approach by using actual firm total costs, described above, to pro rata adjust the payback period and recalculate returns based on this higher recovery time and management costs estimates. This approach builds on Method A by using full costs and comparing this with anagement's estimate of costs. Any difference is then used, prorata, to adjust the estimated payback period.

Method C relies on a direct management estimate of the specific profit contribution of training by measuring the financial consequences of outcomes that can be directly attributed to the training experience, such as cost saving ideas improved efficency, waste reduction or profits from increased sales. Costs are total firm financial costs. The method is an attempt to specify the direct outcomes uniquely related to training.

Method D utilizes total firm costs and measures benefits by the overall company profit change (before taxes and depreciation) recorded in financial statements for the reporting periods before and after training. This broad, company wide impact measure is appropriate to the general nature of the training provided and is readily available, specific and verifiable. The disadvantages are that firm records may not always reflect reality and the indirect connection with the training. Many other factors influence profit performance, and most could be more important than training.

Method E refines Method C by including the value of AID support (estimated by AID at Lps.8000 per course), which subsidizes the program. Thus, this method includes an estimate of social costs. The result is a more realistic cost estimate since more costs are involved than merely those paid by the firm.

Method F is similar to Method E but uses reported firm profit changes, instead of profit consequences directly related to training as the measure of benefits.

Method G refines Method B by including the cost of the AID subsidy. It is the opinion of the evaluators that this is perhaps the one best estimate in this situation, since it considers all costs and uses a global, although subjective, estimate of benefits arising directly from the training.

Firm data were collected from private sector firms who utilized the GPPO course in company. This sample frame was considered appropriate for three reasons. First, GPPO is the most frequently offered course and, hence, accounts for the majority of impact. Second, the private in company level focus of the course is consistent with the measurement techniques used. Third, data availability and access were reasonable, considering time and resources available. The methods used to collect information are those described in section G, and the limits on the data discussed there apply here also. Of the 8 firms which provided data 5 were large (100 or more employees) and 3 were medium sized (20 -99 employees). No small private firms have taken the course, which is understandable, considering its nature and costs.

TABLE F.1.

COSTS, PAYBACK AND PROFITS

Firm	Total Costs Lps	Management Estimated Costs Lps	Management Estimated Payback (Month)	Attributed Profit Lps	Total Profit Change Lps
1. L	14,600	8,000	3	178,000	231,000
2. L	10,400	7,000	1	395,000	620,000
3. M	15,600	15,000	12	10,000	300,000
4. L	11,420	10,000	2	80,000	170,000
5. M	13,000	10,000	1	120,000	177,464
6. L	26,025	14,000	4	168,000	700,000
7. M	8,600	6,000	6	40,000	20,000
8. L	8,120	7,000	6	30,000	40,000

L = Large, M = Medium

Management Estimated costs and Management Estimated Payback are bas managers response to the questions "How much did the training cost? "How long did it take to recover costs based on benefic received?"

Attributed profit is based on management's estimate of first year p consequences of the training.

Total profit change is the difference in firm profits reported i financial period immediately before and after training.

TABLE F.2

RETURNS TO TRAINING

Method

Firm	A %	B %	C %	D %	E %	F %	G %
1 L	299	118	1100	1482	687	922	41
2 L	1100	710	3600	5861	2046	3269	361
3 M	0	-3.8	-36	1820	-57	1171	-94
4 L	500	421	600	1388	311	775	208
5 M	1100	823	823	1265	471	745	471
6 L	200	62	545	2689	393	1957	24
7 M	100	40	365	132	141	20	-27
8 L	99	71	269	392	86	148	-13
Average	425	280	908	1878	509	1125	121

Overall average, all 7 methods 749 %

LARGE FIRMS

Average	439	276	1223	2362	705	1414	124

Overall average, all 7 methods 935 %

MEDIUM FIRMS

Average	400	286	384	1072	185	645	117

Overall average, All 7 methods 441%

Specific procedures for each method (A-6) of calculating returns are described on the previous page.

The data inputs utilized are in Table F.1. Table F.2 presents the results of the analysis. The reurns to training measured are high, ranging from 121% to 1,878%. It should be pointed out that methods D (1878 %) and F (1125%) are outlying high average rates of return. The economy as a whole was starting recovery from 4 years of essentially no growth at the time of the training, which may have resulted in unusually large profit increases for some firms, which are not representative of training impacts. Also, results are influenced by 2 firms which attributed significant profit impact to the training. The annual return estimates probably understate returns somewhat, since benefits may continue for some time.

The overall average return for all eight firms, considering all seven methods was a very high 749%. Even the lowest estimate (and perhaps the most indicative) reveals an attractive 121% return.

Table F-2 also disaggregates the information by large and medium sized firms. Overall returns averaged 935% for large firms and 441% for medium firms. Differences in return contrats between the two groups varied by measure used. The measures focusing on management estimates of return were very comparable; those using profit measures showed the greatest differences. The small size of the sample precludes generalization based on these differences, however.

To put these figures into context social rates of return to higher education in developing countries average 14.9% and range from 8.9 to 23% (Psacharopoulos, 1980). Returns to physical capital average 12.8%. A 1978 Inter American Development Bank report indicated that vocational training programs in Latin America produce cost benefit returns that are superior to other forms of education, ranging from 15% to 120%. This suggest that GEMAH project performance, even considering the most pessimistie estimate, is comparable to the best performace of alternative training programs in Latin America.

Naturally the above described returns measure only financial benefits. As documented in Section E, these programs have produced other benefits that are subjective and qualitative, but nonetheless real. It is significant to note in this regard that managers from eight firms have written letters expressing their thanks and satisfaction for the help received from the program.

G. Impact Of Training On Employment

The impact of the training received on employment was analyzed using two general approaches:

1. Direct Employment Generation
2. Employment Generated from Increased Economic Activity

Direct employment generation was measurd in two ways. The first method focused on the changes in employment that could be identified as a direct consequence of the course, such as a decision based on objectives set to expand or reduce activity in a specific function, or the like. The second method focused on the change in firm employment for the financial reporting year immediately before and after the date of the training. This provides a more general indicator of overall firm perfomance, as is suitable for the company wide, MBO type of training provided.

Employment generation from increased economic activity was estimated by first determining the financial effect of the training on the firm and then relating that to potential employment generation via a standard macroeconomic ratio of economic activity per job. Two measures of the financial effect of the training were used: first, by the cost savings or profit generation imputed by management to the training: second, by the change in firm sales between the financial reporting years immediately before and after the training. The ratio of economic activity per job used is that suggested by Villanueva of Lps. 28,064 per job (Benjamin Villanueva, "Cambios en las Relaciones entre El Estado y la Economia en Centro America" Ocassional Papers Series, LACC, Miami, Florida, 1986)

Data were obtained through interviews with the general manager of firms who had received in plant programs, using a structured interview protocol to guide discussions and standardize responses. If possible the information provided was verified by examining copies of company annual reports and financial statements, and/or discussions with other company managers. Eight of the 14 private sector firms which had received training were interviewed. Of the six firms not included, 1 declined to participants, 2 had undergone significant reorganizations and management changes so that participates in the program were no longer with the firm, and 3 were unavailable during the period of the evaluation. Two indicators suggest that there are no mayor differences between the firms interviewed and those not interviewed. First, course intstructors, who are familar with each company through the diagnosis, course implementation sequence, reviewed the list of companies and indicated no know major different characteristics. Second, the "last respondent" techique indicated no differences between early and late participants, which supports the notion of similar responses to

the training.

Results of the analysis are presented in table G.I. Estimates of the employment impact range from 6 jobs created (4 male 2 female) to a high of 211. If the results of the interviews are extrapolated to all 14 firms, the range from 11 new jobs (7 male 4 female) to 370.

As is to be expected the estimates of job creation directly attributed to the training are positive, but modest. This is to be expected, given the nature of the training, which focuses on general, overall firm management and not specific functional activities. Six new jobs (4 male, 2 female) were direct results of the training.

The firms interviewed reported a net gain of 7 jobs (1 male, 6 female) in their firm, based on comparision with previous year perfomance. This extropolates to 13 jobs (2 male, 11 female) for all training recipients. It should be pointed out that this total is strongly influenced by one firm which reduced employment, for reasons not attibuted to the training, by 35 (28 male, 7 female) in the year following its program. If this one firm is excluded, employment impact by this estimate is 42 jobs (25 male, 13 female) extropolated to 74 (51,23) for all firms receiving training.

TABLE G.1

EMPLOYMENT IMPACT

FIRM	EMPLOYMENT CHANGES Direct		EMPLOYMENT CHANGES Overall		ACTIVITY CHANGES (LPS.) Direct	ACTIVITY CHANGES (LPS.) Overall
	Male	Female	Male	Female		
1.	2	1	3	1	178,000	364,000
2.	1	1	2	2	395,000	1,800,000
3.	0	0	4	3	10,000	600,000
4.	0	0	8	2	80,000	200,000
5.	0	0	-28	-7	600,000	637,500
6.	1	0	4	1	168,0001	2,100,000
7.	0	0	0	1	40,000	30,000
8.	0	0	8	3	30,000	200,000
Totals	4	2	1	6	1,501,000	5,931,500
			Job Equivalent		54	211
Private Sector Totals	7	4	2	11	2,626,750	10,380,125
			Job Equivalent		94	370

Higher estimates of employment impact are generated through consideration of economic activity indicators. Improvements in financial perfomance (either cost savings or profit improvements) belived to be directly related to course outcomes totals Lps.1,501,000 for the firms interviewed, or Lps. 2,626,750 for all participants. This is equal to 54 or 211 potential jobs, respectively. Overall financial impact in the year after the training totals Lps 5,931,500 for the firms interviewed and is estimated at Lps. 10,300,000 for all participants; equivalent to 94 and 370 job, respectively. The disaggregation of these jobs by sex is not know, but can be assumed to be comparable to that produced by direct employment, approximately 2 male jobs per 1 female job. It must be emphasized that these measures are based

on the generation of the financial potential for job creation as a result of the training, and not actual jobs created. Logically, some part of this potential may have been used for other purposes, such as capital investment, advertising, or the like. Hence the above data are somewhat optimistic and are best regarded as maximum potential estimates.

Naturally, some caution must be used in interpreting the data. First, a large number of factors other than training could have influenced the results noted. Most important is the perfomance of the overall economy, which had experienced very little growth (0.9% in GNP 1981-1984) before the training period, and was just beginning recovery at the time training programs started. Second, the purpose of the training focuses on general management planning, establishing objectives, and enhancing communication. Employment is one possible secondary outcome for the process, but is not a specific objective. Indeed, there may be instances in which course outcomes could result in improved firm perfomance, yet reduced employment. For this reason it is difficult to judge course quality by employment consequences.

Thrid, data were generated from interviews. Thus, management recall may be imperfect. The information, however, was cross checked with firm records, other managers, and course instructors, and is believed to be reasonably accurate. Fourth, item periods are not comparable. Firms received the course at various times, some fairly recently. There are undoubtedly time lags before results are produced and some firms may have had more time to accumulate benefits than others.

These limitations not withstanding, the overall conclusion is that positive modes employment generation has resulted from a very cost efficient process.

H. Review the GEMAH Amendment Proposal for Providing In-plant Technical Assistance and the Anticipated Returns on Investments for Participants

I. Amendment Proposal Evaluation.

The GEMAH Amendment Proposal requests US$312,100 to establish and support a "consulting" division and purchase new AMA course material. The specific components of the activity are:

1. Presentation of 168 in-company programs over 2 years, with an average of 5 days DIF per program. Programs are to be drawn from GEMAH's existing base of AMA purchased courses, including GPPO and 16 others, which GEMAH is experienced in presenting.

2. 300 days for techinical assistance by the AMA consultant, Dr. José Urdaneta, averaging 2 weeks per month for 2 years. The activities planned for the consultant are:

   a. - Assist in coodinating and organizing the consulting area.

   b. - Advise and develop the GPPO offerings

   c. - Recommend the selection of 12 new courses to be purchased from the AMA.

Costs of this component total US$218,100, including salary, travel and per diem.

3. Purchase 12 new AMA courses, and provide a foreign instructor for the initial teaching of each course. Costs total US$94,000, including US$48,000 for course purchases and US$46,000 for instructors fees, travel and per diem.

Expected benefits over two years are 168 in-company courses taught, 2,856 people trained, and 16 new instructors trained.

From a technical standpoint the capacity of GEMAH to carry out the proposed activities seems clear and well established. All of the courses are presently in the GEMAH portfolio, with experienced local instructors. Many of the 17 courses included in the in-plant program have been taught locally before, in both Tegucigalpa and San Pedro Sula. Indeed, as discussed in Section B, GEMAH is very close or already has self-sufficient technical capacity in these areas. It is to be expected that the GPPO course will account for the mayority of these programs, and GEMAH's ability to deliver this program is established.

Several relatively minor, potential technical problems in the concept may need attention. First, as described in Section B, GEMAH's capacity to deliver the GPPO course at the levels contemplated is strained, even considering the presence of Dr. Urdaneta. This underscores the need to train more local instructors for the course. Second, in contrast to GPPO the remaining 16 courses that are included in the program were not designed specifically for in-plant, application oriented presentation. This means that in some cases the exercises, teaching materials, and tools for application may not be present and will need development. In other cases, it may mean that the subject matter is such that no specific inherent advantages result from in-plant presentation. Although exceptions are possible based on specific firm characteristics, the in-company application focus of the material in such courses as Professional Secretary Techniques, or Marketing for Non-Marketing Executives seems less than central in these areas. In such cases, there is some risk that the program will be little more than a public seminar taught to a closed audience. Although this is not bad per se, benefits from the DIF phase may not be cost effective. The point is that not all topics or materials require the unique advantages of the in-plant format. Some consideration should be given to insuring that only those that do are included. To do otherwise risks diluting the quality, results oriented image of the programs.

A final technical consideration is the likely small size of the participant group for most of these programs. Two programs focus on top management issues that relate to the entire company; the others have a department focus and relevance to only that sub-group. Consequently, participant numbers in these courses will be low. Aside from implications of cost and market size, this carries two implications. First, teaching techniques may need modification to become more individualized and tutorial like. Second, GEMAH may experience difficulty in reaching the planned total number of participants without increasing the number of offerings over the level planned. The planned average of 17, which is average GPPO attendance, seems high for many of these offerings. Although low attendance carries no financial implications for GEMAH, it does effect reaching participant targets. The inter-company technique described in the proposal (allowing several companies to do one program together) is an attempt to address this issue. Although effective in theory, its use is likely to be restricted to affiliated companies or firms with common ownership, which are relatively few.

These technical problems are relatively minor and easy to accommodate. The central conclusion is that GEMAH has done what the proposal calls for in the past and should be able to continue doing it in the future.

Several additional observations relate to the substance of the proposal. First, the amount of the technical assistance requested seems quite high, relative to the tasks required. This is especially true since local capability to present the courses that are the core of the proposal has largely been developed. Only fine tuning, completion of training for back up instructors already in progress, and assistance in adapting familiar programs to the in-plant format seem required. The danger in this amount of technical assistance is that the advisor will continue a high level of involvement in selling and presenting programs at a time when this activity should be diminishing. It is the judgement of these evaluators that th e results could be accomplished in six months to a year at the outside. It is suggested that total weeks be reduced by about half, either by limiting the assistance overall or by reducing the level of involvement in the last half of the period.

Second, the estimates of courses to be taught seem quite high, in both absoulte and relative terms. In 1986 41 in-company programs were taught. The 1987 budget calls for 60 in-company programs and offerings through April are short of this goal. Although 1986 and 1987 offerings were predominately GPPO, it is likely that this will remain the case under this program. Nowtwithstanding the addition of 16 courses to the in-plant roster, many of these will likely have limited markets. Reaching these targets may be difficult, especially the goal of 96 for the second year.

Several other facts support this conclusion. First, the nature of the 16 additional courses limits the market. GPPO is a generic management technique, applicable in a variety of private, public and government institutions. Applicability of many of the other courses seems limited to one specific department of private sector firms.

Second, proposed price levels may be a constraint in the market. Interviews with GPPO purchasers indicated that the program was seen as costly, but justifiable in terms of number of managers served and benefit potential for the company as a whole. Many expressed the opinion that the course would be useful at the department level, but could not justify the expense, given the few people involved and likely lesser benefits. To some extent this may reflect the often observed reluctance of Honduran managers to support training at any other level than the top. It also, to some extent, reflects the reality of higher costs per trainee and likely lower benefit levels for department level programs. For this reason GEMAH may want to consider reducing prices or adjusting goals downward.

This is especially the case for DIF activity and income which is budgeted at 5 days per program and Lps. 600 per day. As discussed in section A, there is strong evidence of resistance to this price level and follow up is frequently omitted. Adjustment of

prices or reduction of projected income from this source seems advisable also.

Second, the proposal does not indicate if the anticipated level of activities are in addition to or include the programs that would take place without the funds requested. The initial project financed the development of GEMAH capacity to offer the GPPO course in-company and also teach the other 16 courses in the package. Presumably this was intended to result in a continuing level of activity, somewhere around that of 1986 actual (40 GPPO courses) or 1987 budget (60 in company course) If the proposal calls for additional courses beyond the assumed level of continuing activity, then income estimates seem very overly optimistic. If proposed activity level includes the courses that would be taught anyway, then the funds requested seem to be used, to some extent, to surplant, rather than supplement activities that could be expected to take place anyway.

The most important issue, of course, is that the proposal and additional funds do not speak to what was identified in section B as the critical issues for GEMAH technical self-sufficiency: the capacity to develop new courses internally and purchase courses from a variety of lower cost external suppliers. For this reason AID may want to consider adjusting the proposal to include the elements described in section B. Also, the possibility of reprogramming some of the funds requested to provide a permanent endowment or building should be considered as a better alternative use of resourses. The rationale for this is provided in section A.

Three minor observations are also in order:

1. - The description of benefits indicates that 16 instructors are to be trained, but no procedures to do so are specified. Also, responsibility for this is not placed and no funds are requested for costs that may be involved. Further elaboration of this important activity is advised.

2. - The description of benefits and projected income statements do not indicate that the newly purchas courses will be offered as public seminars. A likely m t and additional revenue could be available here.

3. - Responsibility for selection of the AMA courses is given only to the AMA advisor. The business community advisory boards, instructors, and GEMAH management should share this responsibility to insure that courses selected are responsive to local needs.

H.II, Anticipated Returns For Participants

The GPPO course is likely to account for at least half of the programs in this proposal. There is no reason to believe that the benefits and financial returns for these participants will differ in any material way from those described in section F.

Returns for other courses are likely to vary, given the range of subjects involved and, most important, their narrower, departmental focus and hence smaller field of action. Returns will also vary according to the importance of the specific subject matter to the activities of the firm, i,e. marketing and sales topics may be most beneficial to a consumer products firm, and secretarial courses of lesser impact.

Given the department focus, it is likely that benefits will be lower than those of overall company programs, to which almost any positive change in any area of activities can be imputed. The resulting benefits, however, will be more focused, more directly associated with the training received, more measurable, and more easily identifible. Hence, they are likely to be perceived as more solid and tangible, although of lesser magnitude.

Given the above, the most reasonable estimate is that, compared to the benefits produced by GPPO, returns here will be proportional to the importance of that area or department receiving the course to the company as a whole. That is, department focused returns are pro rata reflections of overall company returns.

Naturally, this proportion will vary by department and by company. For the economy as a whole, it is reasonable to assume, for the purposes of this analysis, that departments (at least those represented by the course areas) are equally important. This suggests that the returns, compared to GPPO overall, are related to the number of departments in the average Honduran company. The 1985 AMA study identified 7,930 managers in 5,645 medium and large firms, the logical participants. Assuming 1 manager per department results in a estimate of 1.4 departments per business. This implies that returns to these courses will be 71% of the GPPO level.

Naturally, the assumptions and data on which the estimate are made are crude and approximate. Even if the estimate of number of departments per firm is off by 100%, returns to these course would be 35% of GPPO levels.

Data collected from managers interviewed for this evaluation indicated an average of 3.1 departments per company, which implies returns at 32% of GPPO levels.

Notwithstanding the problems inherent in this estimate, the order of magnitude as such that the conclusion of attractive returns to training investments for these courses seems justified.

I. Assesment Of The Private Sectors Perception Of GEMAH

The qualitative interviews conducted as part of this evaluation revealed an overall positive image for GEMAH in the private sector. The impression conveyed was that the organization is regarded as dynamic, innovative and professional in what it does. It is considered a young organization, both itself and in terms of its membership. Members are viewed as coming from mostly medium sized local firms and larger multinationals; no association with the "traditional" business and commercial elite is noted.

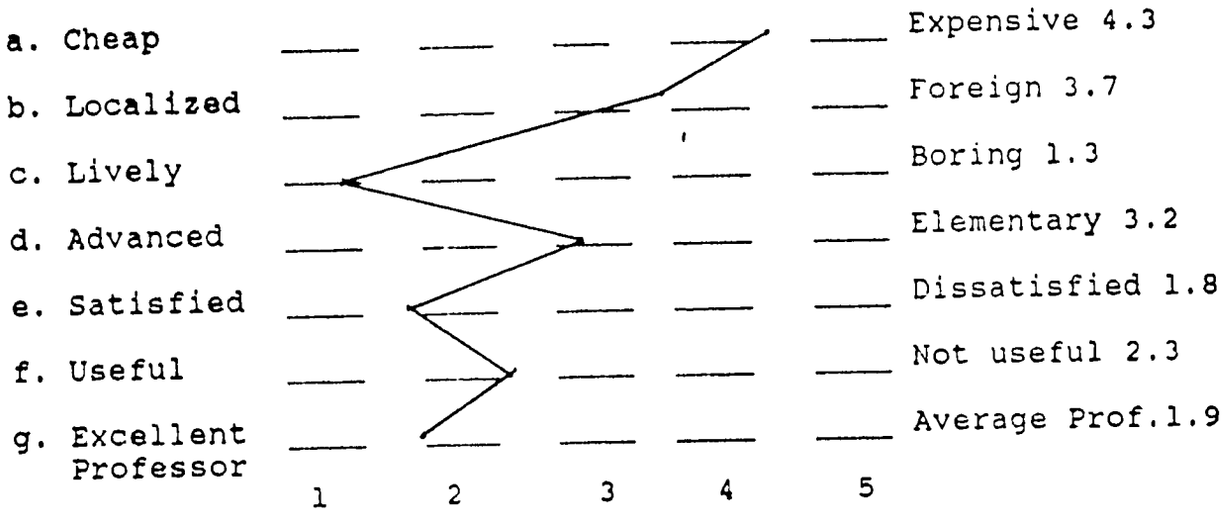
As is true throughout Latin America "personalismo" is important and institutions are often identified with the characteristics of the individuals associated with them. This is the case here. Interview requests to describe GEMAH often evoked a description of one of the people active in the organization. In this GEMAH is quite fortunate in that the descriptions provided were uniformly positive. The response does indicate, however, that a distinct image of the organization itself has not yet been fully developed, which is logical considering its age and size.

As an institution GEMAH is most often perceived in terms of its training activities. Indeed, except for those directly involved, few managers were aware of other GEMAH activities. Knowledge of GEMAH training programs is fairly widespread in the business community, as documented in Section D. Beneficiaries are quite satisfied by the training received, regarding it as high quality and professionally delivered. This perpception enhances the general image of GEMAH.

GEMAH training programs and instructors are closely associated with the American Management Association. Indeed interviewees consistently referred to the courses and programs as AMA materials. This, of course, is reinforced by GEMAH's emphasis of the AMA relationship in promotional activities. The result of this close identification with the AMA has been that GEMAH has developed a port of status, credibility, and "seal of approval" that it might not otherwise have. Managers indicated that this is an important factor in the decision to purchase GEMAH training. This image has undoubtedly facilitated GEMAH's growth and development to date. On the other hand it may also hinder the development of a distinctive identity for GEMAH and constitute a transition problem when the technical assistance ends.

As a final measure of private sector perceptions, 27 individuals were asked to indicate their feeling and reactions to GEMAH and its programs using a semantic differential scale. The specific items making up the scale and the average reaction is indicated below.

The solid line connects the average responses on each item.



These reactions characterize GEMAH as a quite lively, expensive organization with a foreign tint. Its programs are seen as fairly standard, useful, and delivered by superior professors, which results in a high degree of overall satisfaction.

A complete evaluation of GEMAH's role in providing management training is presented in sections B and D. The type of training needed is discussed in section J.

J. Evaluation of the Extent to Which AMA Training Programs Meet Private Sector Needs and Identification of Unmet Needs.

Several observations and comments are relevant regarding the extent to which GEMAH's,AMA provided training courses have met private sector needs. First, the overallscope and quality of courses is impressive. GEMAH has made much progress, quite rapidly. Its level of business training activities in Honduras is now more extensive than INCAE's in county programs, and INCAE has been active for more than twenty years, with a greater financial and instructor resource base. The technical assitance has been most successful in producing a group of quality, well received courses.

Second, as is to be expected, these are still gaps in course coverage and training needs which are unmet. These gaps can be viewed along several dimensions. In terms of management level, GEMAH offerings seem to focus on mid-level, operational management or in some cases lower level administrative functions (secretaries, receptionists, warehouse management). There are no offerings which appeal to top managers. The 1984 AMA needs assessment of management training in Honduras identified management training courses designed exclusively for chief executives as a felt need, an area with no existing offerings, and something for which managers are willing to pay. The AMA courses provided, however, did not follow-up on this opportunity. Although this type of program is among the most difficult and costly to present, GEMAH's developed credibility and position in the business community through its membership network make this an attractive segment to pursue.

In terms of business function, most courses focus on general management, without any specific business or industry focus. Development of materials related to a specific business (Hotel, Restaurant Marketing, Food Service Operations, Management for Doctor, Banking) would add another dimension to course offerings. Specific course gaps in this area identified by the AMA study are market research, international distribution export regulation requirements for exporting companies, Honduran labor law, export orientation courses, and effective oral, written, and interpersonal communication skills.

Only one offering related to current, topical issues has been developed (devaluation). Short, focused briefings, usually by someone especially knowledgeable or directly involved, and related to a current topic of business interest are another gap in course offerings. Examples of such briefings might include executive and company security,

an annual economic forecat and outloads for interest rates, acedcommodity prieces, etc., and privatization.

Another timely example would be seminars discussion how the export import permission procedures of the about to be established Centro Unico de Trámite will operate. Since this will represent a significant change in procedures that will effect many businesses, a good response to a 1/2 or 1 day briefing would be likely. This opportunity could be exploited independently by GEMAH or on a cooperative basis with the instituion involved.

Indeed, the entire area of export operations is currently topical. Another opportunity would be to develop a seminar focusing on what happens to products after they reach the U.S., emphasizing evaluation of market information, logistical requirements, management of distribution channels, and legal procedures. The International Center of Miami has developed such a course and would cooperate in making it available to Honduras.

Almost all GEMAH programs to date have been delivered in one format only: Two full days, 8:00 A.M. to 5:00 P.M. There is some evidence that this is not the format most desired by the market. The 1984 AMA study, which interviewed over 200 managers concluded that 45% of managers preferred that training take place outside of working hours; 27% expressed a preference for training during working hours. Managers of firms in the commerce sector and the service sector seemed particularly reluctant to have training take place during working hours. Only 12% and 6%, respectively, of the managers interviewed in these two sectors wanted training during the day. A 1986 market study conducted by ITAE for GEMAH reinforced this point. The survey of 187 managers revealed the following preferences:

PREFERED SCHEDULE

Morning	3.2%
Afternoon	13.9%
Night	48.1%
Complete Day	8.6 %
Any	10.1 %
None	16.0 %

PREFERED HOURS

8:00 A.M. - 5:00 P.M.	13.9 %
5:30 P.M. - 9:30 P.M.	52.9 %
Any	10.7 %
Others	3.7 %
None	18.7 %

The conclusion is that by relying on a standard time format, especially for the public seminars, GEMAH may be inadvertently making it difficult for some groups to participate. They may in part help to explain low attendance at some programs. The point is that theres is no one time which is inherently superior or optimal, but that different groups have different preferences. Although in the past scheduling may have been influenced by the in county availability of foreign instructors, that constraint will be removed as local instructors take over. At that time GEMAH should experiment with a variety of scheduling options, monitor the results, and react accordingly.

The same observation may be true for pricing, which has been relatively standard and invariant. Although present pricing seems in line with the competition and more or less comparable to that charged by similar organizations in other countries, it may still be worthwhile to experiment with different price levels to measure the effect on demand, especially for the public seminars. Given the economics of these seminars, it is very useful to know if price decreases will increase attendance. Some carefully monitored changes in pricing may have the effect of both increasing revenue and attendance. Since this is essentially an empirical question, some experimentation may be worthwhile.

Additional unmet training needs were identified in the 1986 study undertaken by GEMAH and ITAE. On the basis of interviews with 235 business in San Pedro Sula and Tegucigalpa, the following two general areas, not currently GEMAH topics, were indicated as significant training needs:

- Personnel (22 % of the topics mentioned)
- Production (12 % of mentions)

In addition, the following specific topics, not currently in the AMA course portfolio, received at least 10 mentions when specific suggestions for courses were requested:

Exporting
Social Security System
Production Planning
Market Research
Advertising
Capital Management
Inventory Management
Sales Force Training
Quality Control
Importing
Safety

As a final indicator of unmet needs, the following topics received multiple mentions during the interviews conducted for this evaluation. Only those topics not currently offered are listed.

Office Management

Implementation of Microcomputer Applications
Quality Control
Public Relations
International Trade and Exporting
Sales Forecasting
Wage and Salary Administration
Labor Law and Relations
Port Management
Airport Management
Supervisory Staff Training
International Loan Negotiation
Agribusiness Management
Travel Agency Management

The above information, collected from three distinct sources and compared with AMA programs, suggests that there are a number of training needs which are not currently met. It is not reasonable to expect that AMA/GEMAH offerings should meet every expressed private sector training need. It does seem reasonable to conclude, however, that ample room for new program development, diversification, and continued growth exist.

As discussed in Section B. GEMAH must do three things to enhance its capacity to respond to these unmet needs:

1.- experiment with different course formats, schedules, and prices.

2.- Enhance its internal capacity to develop new courses and/or purchase materials from other suppliers.

3.- Expedite the establishment of the business community advisory boards and membership oversight committees to formalize a channel for getting business input and reactions to proposed courses.

K. Review AID's Plans for a Small Business Development Activities and Evaluate GEMAH's Technical and Institutional Capabilities for Participating In the Project.

The development strategy for small and micro enterprises in Honduras proposed by Robert R. Nathan Associates has correctly recognized the important contribution of small (5-19 employees) and micro (1-4 employees) business in the local economy. Such firms account for the majority of enterprises and are essential contributors to employment generation, economic growth, balanced development, and social equity. The study also revealed that there are presently no training institutions with established support services that have a SME focus. This is regarded as a critical constraint in implementing SME development programs. SME training needs include both specific, functional training related to core productive activities and training in business and management fundamentals. Experiences of other training institutions suggest that 5 key components are involved in the design of an effective system to support SME training in basic management skills.

- A well defined client group
- Well designed courses which include appropriate topics, teaching materials, and instructors
- Adequate physical facilities
- A specific delivery system to provide access to SME's, obtain participants, and provide follow up assistance for one-the-job implementation of what is learned
- An effective management system to plan, control, support, and monitor activities.

These experiences also suggest that four elements are essential in implementing the above system:

Specially developed teaching materials which emphasize implementation of very practical, simple techniques of immediate benefit. Such materials function best if explanations are kept to the minimum for basic understanding, and packaged in short, concise modules which include the forms or worksheets necessary for on the job application.

Inclusion of extension like follow up and personal contact to assist in applying the concepts learned.

Coupling with a natural "hook" or incentive to motivate participation. This might logically be referal by a lending agency as a prerequisite to obtaining financing, or integration with the activities of a cooperative or union, or insistence of a key customer. The Carvajal Foundation in Colombia has, for example, been successful in linking eligibility for its grants

and loans with training. APEDE in Panama designs its initial course sequence to culminate in the preparation of a bank loan application. APEDE's experience reveals that about 60% of SME's who intend to apply for loans at the beginning of the training actually do not do so at its conclusion. The most common explanation is that they have learned through the course that the business does not have the capacity to repay or that the loan is not needed APEDE savings of bankers who have loaned to those completing training indicate that loan approval rates are higher and collection problems fewer for those with the training than those without. This reinforces the natural, mutually beneficial, link between funding and training. This extra incentive is critical in attracting SME participants, who are busy and not naturally inclined towards formal education.

Adequate external funding, especially for start up costs in the early period. Given reduced participant capacity to pay, few such programs can recover more than the direct costs associated with the training itself. Subsidies for material development, facilities and management overhead are usually required initially.

Evaluation of GEMAH against these characteristics suggests that it is quite well matched against these requirements in several dimensions:

1. A management team, information system and accounting system, which is in place, quite good, experienced in supporting business related training, and flexible in responding to change and absorbing technical assistance.

2. A large group of local instructors who are enthusiastic, trained as teachers, and appear suited to this type of teaching, given their own business experience.

3. Physical facilities which are available, appropriate, and well equipped. Training facilities, physical presence, and management support in both San Pedro Sula and Tegucigalpa is another advantage.

4. Access, via its membership in PACCIOS, to the network of institutions who are doing comparable training in Latin America.

This evaluation also indicates several areas of concern:

1. No appropriate course materials. The AMA provided courses can, in no way, be effectively used by SME's. Moreover GEMAH has not demonstrated capacity to develop materials on its own. Thus, substantial external assistance would be required in this area.

2. No mechanism for accessing the client group. GEMAH's present membership is almost exclusively from the large and medium sized segment. Marketing strategies for recruiting participants would, most likely, not reach the SME segment effectively.

3. No available funds for supporting such activities, even on a cash flow basis.

4. Limited management time and no redundancy in top management personnel.

These deficiencies are not disqualifying, but merely indicate the type of external support needed to develop necessary capabilities.

From a strategic point of view there are several factors that are relevant from AID's perspective:

1. There are real cost savings and economies of scale available by working with GEMAH in such areas as facilities, instructor training, accounting, and top management. Since these costs are more or less fixed per institution created, savings are possible and project costs could be reduced. Also, GEMAH could spread its fixed costs over a greater level of activity on a cost sharing basis, which would assist its own finances.

2. The proposed activity is a logical complement to GEMAH's present activities. Indeed, many other comparable institutions serve both levels. Thus few problems from a shift in central mission or organizational activities would result.

3. GEMAH has a favorable, business oriented image, which would add credibility.

4. Favorable working relationships, understanding of procedures, and mutual knowledge of the other constraints have been developed.

5. GEMAH's top management free time is limited. Moreover, GEMAH itself is at a critical stage in its own development, which requires significant management attention for marketing programs and developing new products. Undertaking significant new activities now may divert scarce management attention from these critical issues, to the eventual detriment of both projects.

6. GEMAH has to some extent developed an image of prestige, status, and high quality which seems valued by its membership. Expansion into SME training has the potential to

dilute that image. Consequently, it would be important to "position" the program carefully in the eyes of membership, perhaps as a public service activity.

7. The financial implications of the project may be detrimental for GEMAH. As discussed in section A, GEMAH is self-sufficient only by the narrowest of margins in the best of circumstances. No surplus exists to subsidize SME activities, either on a cash flow or direct cost. Even if the project were designed to cover all costs, and appropriate transfer price mechanisms designed, the ultimate burden of imperfect plans would fall on GEMAH. This risk is especially relevant in estimating revenue. There are few guidelines and indications are that recipients may be reluctant to pay at any level. To avoid unacceptable financial risks for GEMAH requires a carefully designed financial strategy.

The final decision on GEMAH's possible participation will depend on the characteristics of alternative institutions and the constraints involved in developing a new institution. That evaluation is outside this scope of work. For the purpose of this analysis the conclusion is that GEMAH is a viable participant, but not necessarily the ideal or most outstanding. Several advantages exist, but substantial effort would be required to develop materials and a delivery system. Moreover management and financial considerations would need careful consideration to avoid negative impact for ongoing activities.

This situation is, to some extent, the natural outcome of a project design that emphasized purchase of preexisting materials from only 1 supplier and focused on developing local delivery (but not course development) capabilities.

The development of new courses; along the lines outlined in Section B, is critical if GEMAH is to be financially self-supporting and also achieve its mission of high quality management training. Although GEMAH will definitely continue to exist without further technical assistance, the transition could be facilitated if a relatively modest amount of further assistance could be provided that would speak to the concerns expressed above. The specific characteristics of the appropriate technical assistance required have been discussed in Section B, which deals with support for training programs, and Section A, which deals with additional support for insuring self-financing.

GEMAH does not appear to be at all dependent on AID staff for technical assistance. No AID staff work directly for the project. Only the usual project liaison and administrative communication seems to be taking place.

The evaluators were in GEMAH offices for approximately 3 weeks. During that time only 1 AID visit took place and that was in the nature of a courtesy call by the project liaison officer, who was in San Pedro Sula for another purpose. Telephone contacts are more frequent with about 4 calls per week. Most of these focused on getting information for AID reporting requirements, adjusting funding, processing a proposed amendment, or expediting the work of the evaluators. No evidence of direct technical assistance was observed. Although, contact was undoubtedly much more frequent during earlier stages of project development, and at key stages of institutional change, there is no reason to believe that AID staff assistance is in any way central to GEMAH's technical viability now.

LESSONS LEARNED

There is little room to doubt that GEMAH has been successful. Consequently, the lessons learned are really an identification of the factors that proved to be critical to this success. Four factors seem especially important:

1. The specific nature of the technical assistance provided:

   a. Implementation (teaching the courses) was emphasized initially, instead of advice, assistance or development of local capacity. This not only got the project off to a fast start, but allowed an effective transfer of know how through example, observation and apprenticeship.

   b. The use of preexisting, standard teaching programs that were well developed and proven. The fact that materials were not developed reduced costs, lowered risk, and simplified start-up.

   c. A prestigious, locally recognized U.S. contractor. The prestige, image and respect for the AMA is high in Honduras, and this was heavily traded on to gain credibility, status and receptivity for the training programs. AMA courses, taught by AMA instructors, effectively overcame initial scepticism.

   d. A subtle, unusually high stake in successful outcomes by the technical assistance provided. The AMA zealously covets its reputation. The fact that its profile is so high in this project undoubtedly motivated greater involvement and interest in meeting project goals than would have been the case under other circumstances.

2. A business like organization, run by businessmen:

   a. This enabled the training programs to build on a natural common perspective and networks with its client group, since they were virtually one and the same. This facilitated two way communications and a sense of identity with the business community that might not have been as easy to achieve if another type of organization were involved.

   b. The significant business experience of GEMAH's personnel and members resulted in high quality, bottom line oriented project management that was quick to adjust to changing

conditions. This not only made a significant difference in the project itself, but also projected a business like image that enhanced credibility.

An emphasis on programs that are of immediate, practical use to businessmen. The instructors' perspective helped to insure that causes were relevant and well received.

3. A willingness to revise plans and adjust programs and policies in response to changing circumstances and priorities. GEMAH today is different in terms of its organization and membership emphasis, significantly streamlined with an in-company training focus, and public sector training is also different than planed only three years ago.

   More timid, less alert project and AID personnel would have been slower to respond to opportunities. This has made a major difference in performance.

4. The quality of the people involved. GEMAH's staff and AMA advisors are proven professionals, with significant records of relevant accomplishments. Although expensive, the decision to go with "top of the line" human resources is well justified. It is difficult to conceive of the project having the same success without comparable personnel.

ANNEX I

PRESUPUESTO PARA 1987 - RESUMEN

CEMAH S.P.S. - TEGUCIGALPA

		ENERO	FEB.	MARZO	ABRIL	MAYO	JUNIO	JULIO	AGST.	SEPT.	OCT.	NOV.	DIC.	TOTAL
INGRESOS														
GEMAH														
San Pedro Sula	Lps.	15,800.	31,650.	29,425.	32,200.	29,975.	32,750.	30,525.	33,300.	31,125.	33,875.	31,650.	10,625.	342,900.
Tegucigalpa		-	30,500.	30,500.	30,500.	30,500.	30,500.	30,500.	30,500.	30,500.	30,500.	30,500.	-	305,000.
SUMAN	Lps.	15,800.	62,150.	59,925.	62,700.	60,475.	63,250.	61,025.	63,800.	61,625.	64,375.	62,150.	10,625.	647,900.
DONACIONES AID														
San Pedro Sula	Lps.	6,100	6,100.	6,100.	6,100.	6,100.	6,100.	-	-	-	-	-	-	36,600.
Tegucigalpa		8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	15,400.	113,300.
SUMAN	Lps.	15,000.	15,000.	15,000.	15,000.	15,000.	15,000.	8,900.	8,900.	8,900.	8,900.	8,900.	15,400.	149,900.
TOTAL INGRESOS	Lps.	30,800.	77,150.	74,925.	77,700.	75,475.	78,250.	69,925.	72,700.	70,525.	73,275.	71,050.	26,025.	797,800.
EGRESOS														
San Pedro Sula	Lps.	27,280.	34,855.	30,080.	32,055.	31,380.	32,255.	30,280.	31,905.	30,430.	31,905.	30,030.	29,155.	371,610.
Tegucigalpa		11,975.	19,325.	19,475.	19,075.	19,075.	19,475.	20,225.	19,875.	20,275.	20,225.	19,875.	12,375.	221,250.
TOTAL EGRESOS	Lps.	39,255.	54,180.	49,555.	51,130.	50,455.	51,730.	50,505.	51,780.	50,705.	52,130.	49,905.	41,530.	592,860.
UTILIDAD NETA	Lps.	(8,455)	22,970.	25,370.	26,570.	25,020.	26,520.	19,420.	20,920.	19,820.	21,145.	21,145.	(15,505.)	204,940.

PRESUPUESTO PARA 1987

CIDIAR - TEGUCIGALPA

		ENERO	FEB.	MARZO	ABRIL	MAYO	JUNIO	JULIO	AGST.	SEPT.	OCT.	NOV.	DIC.	TOTAL
I. INGRESOS														
1. SEMINARIOS														
a. En sede	Lps.	-	4,900.	4,900.	4,900.	4,900.	4,900.	4,900.	4,900.	4,900.	4,900.	4,900.	-	49,000.
b. En compañía		-	16,000.	16,000.	16,000.	16,000.	16,000.	16,000.	16,000.	16,000.	16,000.	16,000.	-	160,000.
	Lps.	-	20,900.	20,900.	20,900.	20,900.	20,900.	20,900.	20,900.	20,900.	20,900.	20,900.	-	209,000.
2. OTROS														
Diagnóstico, implementación y seguimientos	Lps.	-	9,600.	9,600.	9,600.	9,600.	9,600.	9,600.	9,600.	9,600.	9,600.	9,600.	-	96,000.
3. INGRESOS POR DONACIONES														
A.I.D.	Lps.	8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	8,900.	15,400.	113,300.
TOTAL INGRESOS	Lps.	8,900.	39,400.	39,400.	39,400.	39,400.	39,400.	39,400.	39,400.	39,400.	39,400.	39,400.	15,400.	418,300.
II. COSTOS														
1. MEMBRESIA	Lps.	100.	100.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	2,200.
2. SEMINARIOS														
a. En sede														
a_1. Honorarios instructor	Lps.	-	800.	800.	800.	800.	800.	800.	800.	800.	800.	800.	-	8,000.
a_2. Comisiones		-	900.	900.	900.	900.	900.	900.	900.	900.	900.	900.	-	9,000.
a_3. Material didáctico		-	300.	300.	300.	300.	300.	300.	300.	300.	300.	300.	-	3,000.
a_4. Publicidad		-	850.	850.	850.	850.	850.	850.	850.	850.	850.	850.	-	8,500.
a_5. Refrigerios-bufetes		-	550.	550.	550.	550.	550.	550.	550.	550.	550.	550.	-	5,500.
a_6. Gastos de viaje		-	350.	-	-	-	-	350.	-	-	350.	-	-	1,050.
a_7. Promoción		-	50.	50.	50.	50.	50.	50.	50.	50.	50.	50.	-	500.

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PRESUPUESTO PARA 1987/GEMAH TEGUCIGALPA

II. COSTOS		ENERO	FEB.	MARZO	ABRIL	MAYO	JUNIO	JULIO	AGST.	SEPT.	OCT.	NOV.	DIC.	TOTAL
2. Seminarios /a. En sede ...														
a_8. Otros		-	50.	50.	50.	50.	50.	50.	50.	50.	50.	50.	-	500.
	Lps.	-	3,850.	3,500.	3,500.	3,500.	3,500.	3,850.	3,500.	3,500.	3,850.	3,500.	-	36,050.
b. En Compañías														
b_1. Honorarios instructor	Lps.	-	800.	800.	800.	800.	800.	1,600.	1,600.	1,600.	1,600.	1,600.	-	12,000.
b_2. Comisiones		-	400.	400.	400.	400.	400.	400.	400.	400.	400.	400.	-	4,000.
b_3. Material didáctico		-	1,200.	1,200.	1,200.	1,200.	1,200.	1,200.	1,200.	1,200.	1,200.	1,200.	-	12,000.
b_4. Gastos de viaje		-	400.	400.	400.	400.	400.	400.	400.	400.	400.	400.	-	4,000.
b_5. Otros		-	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	-	2,000.
	Lps.	-	3,000.	3,000.	3,000.	3,000.	3,000.	3,800.	3,800.	3,800.	3,800.	3,800.	-	34,000.
III. GASTOS ADMINISTRATIVOS														
Sueldos	Lps.	6,575.	6,575.	6,575.	6,575.	6,575.	6,575.	6,575.	6,575.	6,575.	6,575.	6,575.	6,575.	78,900.
Seguro Social		200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	2,400.
Depreciación		800.	800.	800.	800.	800.	800.	800.	800.	800.	800.	800.	800.	9,600.
Alquileres		1,500.	1,500.	1,500.	1,500.	1,500.	1,500.	1,500.	1,500.	1,500.	1,500.	1,500.	1,500.	18,000.
Energía eléctrica		300.	300.	300.	300.	300.	300.	300.	300.	300.	300.	300.	300.	3,600.
Papelería y útiles		200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	2,400.
Correo, teléfono		600.	600.	600.	600.	600.	600.	600.	600.	600.	600.	600.	600.	7,200.
Mantenimiento oficina		150.	150.	150.	150.	150.	150.	150.	150.	150.	150.	150.	150.	1,800.
Gastos de viaje		700.	700.	700.	700.	700.	700.	700.	700.	700.	700.	700.	500.	8,200.
Cafetería		100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	1,200.
Mant. y rep. equipo		100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	1,200.
Fotocopias		100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	1,200.
Seguros		50.	50.	50.	50.	50.	50.	50.	50.	50.	50.	50.	50.	600.
Intercambio Gerencial		-	-	400.	-	-	400.	-	-	400.	-	-	-	1,200.
Contingencias		500.	1,000.	1,000.	1,000.	1,000.	1,000.	1,000.	1,000.	1,000.	1,000.	1,000.	1,000.	11,500.
	Lps.	11,875.	12,375.	12,775.	12,375.	12,375.	12,775.	12,375.	12,375.	12,775.	12,375.	12,375.	12,175.	149,000.
TOTAL COSTOS Y GASTOS ADMIN.	Lps.	11,975.	19,325.	19,475.	19,075.	19,075.	19,475.	20,225.	19,875.	20,275.	20,225.	19,875.	12,375.	221,250.
DIFERENCIA INGRESOS - GASTOS	Lps.	(3,075.)	20,075.	19,925.	20,325.	20,325.	19,925.	19,175.	19,525.	19,125.	19,175.	19,525.	3,025.	197,050.

PRESUPUESTO PARA 1987

CEMAH - SAN PEDRO SULA

		ENERO	FEB.	MARZO	ABRIL	MAYO	JUNIO	JULIO	AGST.	SEPT.	OCT.	NOV.	DIC.	TOTAL
I. INGRESOS														
1. Membresía														
a. Socios existentes	Lps.	5,300.	5,300.	5,300.	5,300.	5,300.	5,300.	5,300.	5,300.	5,300.	5,300.	5,300.	5,300.	63,600.
b. Nuevos socios		-	550.	825.	1,100.	1,375.	1,650.	1,925.	2,200.	2,525.	2,775.	3,050.	2,825.	20,800.
	Lps.	5,300.	5,850.	6,125.	6,400.	6,675.	6,950.	7,225.	7,500.	7,825.	8,075.	8,350.	8,125.	84,400.
2. Seminarios														
a. En sede	Lps.	10,500.	10,500.	10,500.	10,500.	10,500.	10,500.	10,500.	10,500.	10,500.	10,500.	10,500.	-	115,500.
b. En Compañías		-	8,000.	8,000.	8,000.	8,000.	8,000.	8,000.	8,000.	8,000.	8,000.	8,000.	-	80,000.
	Lps.	10,500.	18,500.	18,500.	18,500.	18,500.	18,500.	18,500.	18,500.	18,500.	18,500.	18,500.	-	195,500.
3. Otros														
a. Diagnóstico, implementación y seguimiento	Lps.	-	4,800.	4,800.	4,800.	4,800.	4,800.	4,800.	4,800.	4,800.	4,800.	4,800.	-	48,000.
b. Revista - publicidad		-	2,500.	-	2,500.	-	2,500.	-	2,500.	-	2,500.	-	2,500.	15,000.
	Lps.	-	7,300.	4,800.	7,300.	4,800.	7,300.	4,800.	7,300.	4,800.	7,300.	4,800.	2,500.	63,000.
4. Donaciones														
AID	Lps.	6,100.	6,100.	6,100.	6,100.	6,100.	6,100.	-	-	-	-	-	-	36,600.
TOTAL INGRESOS	Lps.	21,900.	37,750.	35,525.	38,300.	36,075.	38,850.	30,525.	33,300.	31,125.	33,875.	31,650.	10,625.	379,500.
II. COSTOS														
1. Membresía	Lps.	400.	400.	400.	500.	500.	500.	600.	600.	600.	700.	700.	700.	6,600.
2. Seminarios														
a. En sede														
a_1. Honorarios instructor		1,600.	800.	800.	800.	800.	800.	800.	1,600.	1,600.	1,600.	1,600.	-	12,800.
a_2. Comisiones		1,750.	1,750.	1,750.	1,750.	1,750.	1,750.	1,750.	1,750.	1,750.	1,750.	1,750.	-	19,250.
a_3. Material didáctico		550.	550.	550.	550.	550.	550.	550.	550.	550.	550.	550.	-	6,050.
a_4. Publicidad		1,600.	2,100.	2,100.	2,100.	2,100.	2,100.	2,100.	1,600.	1,600.	1,600.	1,600.	-	20,600.

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PRESUPUESTO PARA 1987/GEMAH - SAN PEDRO SULA

		ENERO	FEB.	MARZO	ABRIL	MAYO	JUNIO	JULIO	AGST.	SEPT.	OCT.	NOV.	DIC.	TOTAL
II. COSTOS														
2. Seminarios ...														
a_5. Bufetes - refrigerios		300.	650.	650.	650.	650.	650.	650.	300.	300.	300.	300.	-	5,400.
a_6. Promoción		150.	150.	150.	150.	150.	150.	150.	150.	150.	150.	150.	-	1,650.
a_7. Otros		100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	-	1,100.
TOTAL	Lps.	6,050.	6,100.	6,100.	6,100.	6,100.	6,100.	6,100.	6,050.	6,050.	6,050.	6,050.	-	66,850.
b. En Compañías														
b_1. Honorarios instructor	Lps.	-	400.	400.	400.	400.	400.	400.	400.	400.	400.	400.	-	4,000.
b_2. Comisiones		-	400.	400.	-	-	400.	400.	-	400.	-	-	-	2,000.
b_3. Material didáctico		-	500.	500.	500.	500.	500.	500.	500.	500.	500.	500.	-	5,000.
b_4. Gastos de viaje		-	400.	400.	400.	400.	400.	400.	400.	400.	400.	400.	-	4,000.
b_5. Otros		-	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	-	1,000.
TOTAL	Lps.	-	1,800.	1,800.	1,400.	1,400.	1,800.	800.	1,400.	1,800.	1,400.	1,400.	-	16,000.
3. Revista		-	1,875.	-	1,875.	-	1,875.	-	1,875.	-	1,875.	-	1,875.	11,250.
III. ASISTENCIA TECNICA														
Fuera de Honduras	Lps.	-	3,300.	-	600.	1,800.	-	-	-	-	-	-	-	5,700.
TOTAL COSTOS	Lps.	6,450.	13,475.	8,300.	10,475.	9,800.	10,275.	8,500.	9,925.	8,450.	10,025.	8,150.	2,575.	106,400.

PRESUPUESTO PARA 1987

CEMAR SAN PEDRO SULA

IV. CASTOS DE ADMINISTRACION		ENERO	FEB.	MARZO	ABRIL	MAYO	JUNIO	JULIO	AGST.	SEPT.	OCT.	NOV.	DIC.	TOTAL
Sueldos	Lps.	12,600.	12,600.	12,600.	12,600.	12,600.	12,600.	12,600.	12,600.	12,600.	12,600.	12,600.	12,700.	151,300.
Seguro Social		300.	300.	300.	300.	300.	300.	300.	300.	300.	300.	300.	300.	3,600.
Depreciación		1,100.	1,100.	1,100.	1,100.	1,100.	1,100.	1,100.	1,100.	1,100.	1,100.	1,100.	1,100.	13,200.
Alquileres		1,670.	1,670.	1,670.	1,670.	1,670.	1,670.	1,670.	1,670.	1,670.	1,670.	1,670.	1,670.	20,040.
Energía eléctrica		400.	400.	400.	400.	400.	400.	400.	400.	400.	400.	400.	400.	4,800.
Papelería y útiles de oficina		400.	400.	400.	400.	400.	400.	400.	400.	400.	400.	400.	400.	4,800.
Correo, teléfono		1,300.	1,300.	1,300.	1,300.	1,300.	1,300.	1,300.	1,300.	1,300.	1,300.	1,300.	1,300.	15,600.
Mantenimiento oficina		200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	2,400.
Honorarios legales y profesionales		–	–	200.	–	–	200.	–	–	200.	–	–	–	600.
Gastos de representación		200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	2,400.
Gastos de viaje		600.	600.	600.	600.	600.	600.	600.	600.	600.	600.	600.	600.	7,200.
Cafetería		100.	150.	150.	150.	150.	150.	150.	150.	150.	150.	150.	150.	1,750.
Mantenimiento y reparación de equipo		300.	300.	300.	300.	300.	300.	300.	300.	300.	300.	300.	300.	3,600.
Fotocopias		200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	2,400.
Comisiones		400.	400.	600.	600.	600.	800.	800.	800.	800.	900.	900.	800.	8,400.
Seguros		60.	60.	60.	60.	60.	60.	60.	60.	60.	60.	60.	60.	720.
Intercambios Gerenciales		–	500.	500.	500.	500.	500.	500.	500.	500.	500.	500.	–	5,000.
Contingencias		800.	800.	800.	800.	800.	800.	800.	1,000.	800.	800.	800.	6,000.	15,000.
Cuotas y suscripciones		200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	200.	2,400.
TOTAL	Lps.	20,830.	21,380.	21,780.	21,580.	21,580.	21,980.	21,780.	21,980.	21,980.	21,880.	21,880.	26,580.	265,210.
TOTAL COSTOS Y GASTOS	Lps.	27,280.	34,855.	30,080.	32,055.	31,380.	32,255.	30,280.	31,905.	30,430.	31,905.	30,030.	29,155.	371,610.
DIFERENCIA INGRESOS – EGRESOS		(5,380.)	2,895.	5,445.	6,245.	4,695.	6,595.	245.	1,395.	695.	1,970.	1,620.	(18,530.)	7,890.

ANNEX II

G E M A H

ESTADO DE RESULTADOS

MES DE FEBRERO DE 1987 Y ACUMULADO

CONCEPTO		GEMAH S.P.S. FEB.	GEMAH S.P.S. ACUMULADO	GEMAH TEG. FEB.	GEMAH TEG. ACUMULADO	GEMAH TOTAL ACUMULADO	AID S.P.S. FEB.	AID S.P.S. ACUMULADO	AID TEG. FEB.	AID TEG. ACUMULADO	AID TOTAL ACUMULADO	CONSOLIDADO GEMAH/AID
CUOTAS ASOCIADOS	L.	4,125.00	8,550.00	550.00	1,150.00	9,700.00	-	-	-	-	-	9,700.00
SEMINARIOS		11,950.00	23,150.00	3,000.00	6,550.00	29,700.00	-	-	-	-	-	29,700.00
SEMINARIOS EN CIA.		-	5,000.00	-	12,000.00	17,000.00	-	-	-	-	-	17,000.00
CONSULTORIA Y ASESORIA		-	600.00	-	-	600.00	-	-	-	-	-	600.00
IMPLEMENTACION		-	-	-	-	-	-	-	-	-	-	-
SEGUIMIENTOS		600.00	600.00	600.00	600.00	1,200.00	-	-	-	-	-	1,200.00
DIAGNOSTICO		-	567.00	-	600.00	1,167.00	-	-	-	-	-	1,167.00
PUBLICIDAD EN REVISTA		4,950.00	4,950.00	-	-	4,950.00	-	-	-	-	-	4,950.00
DONATIVOS EN ESPECIE		-	461.80	-	-	461.80	-	-	-	-	-	461.80
DONATIVOS AID/LEMPIRAS		-	-	-	-	-	14,953.50	21,792.10	5,105.00	9,830.00	31,622.10	31,622.10
OTROS INGRESOS		379.25	390.50	559.63	559.63	950.13	-	-	-	-	-	950.13
INTERESES GANADOS		-	-	-	-	-	1,419.44	3,193.75	-	-	3,193.75	3,193.75
SUMAN INGRESOS	L.	22,004.25	44,269.30	4,709.63	21,459.63	65,728.93	16,372.94	24,985.85	5,105.00	9,830.00	34,815.85	100,544.78
COSTOS												
COSTO SEMINARIOS	L.	8,050.64	17,588.43	3,085.49	8,283.96	25,872.39	-	-	-	-	-	25,872.39
COSTO REVISTA		4,625.00	4,625.00	-	-	4,625.00	-	-	-	-	-	4,625.00
SUMAN COSTOS	L.	12,675.64	22,213.43	3,085.49	8,283.96	30,497.39	-	-	-	-	-	30,497.39
SUB-TOTAL		9,328.61	22,055.87	1,624.14	13,175.67	35,231.54	16,372.94	24,985.85	5,105.00	9,830.00	34,815.85	70,047.39
GASTOS DE OPERACION												
GASTOS DE ADMON.	L.	15,661.97	32,841.55	3,332.71	6,655.32	39,496.87	8,092.08	15,183.29	5,809.56	11,239.12	26,422.41	65,919.28
ASISTENCIA TECNICA		88.15	726.75	-	-	726.75	7,753.50	7,910.50	-	-	7,910.50	8,637.25
SUMAN GASTOS	L.	15,750.12	33,568.30	3,332.71	6,655.32	40,223.62	15,845.58	23,093.79	5,809.56	11,239.12	34,332.91	74,556.53
SUPERAVIT DEL MES	L.	(6,421.51)	(11,512.43)	(1,708.57)	6,520.35	(4,992.08)	527.36	1,892.06	(704.56)	(1,409.12)	482.94	(4,509.14)

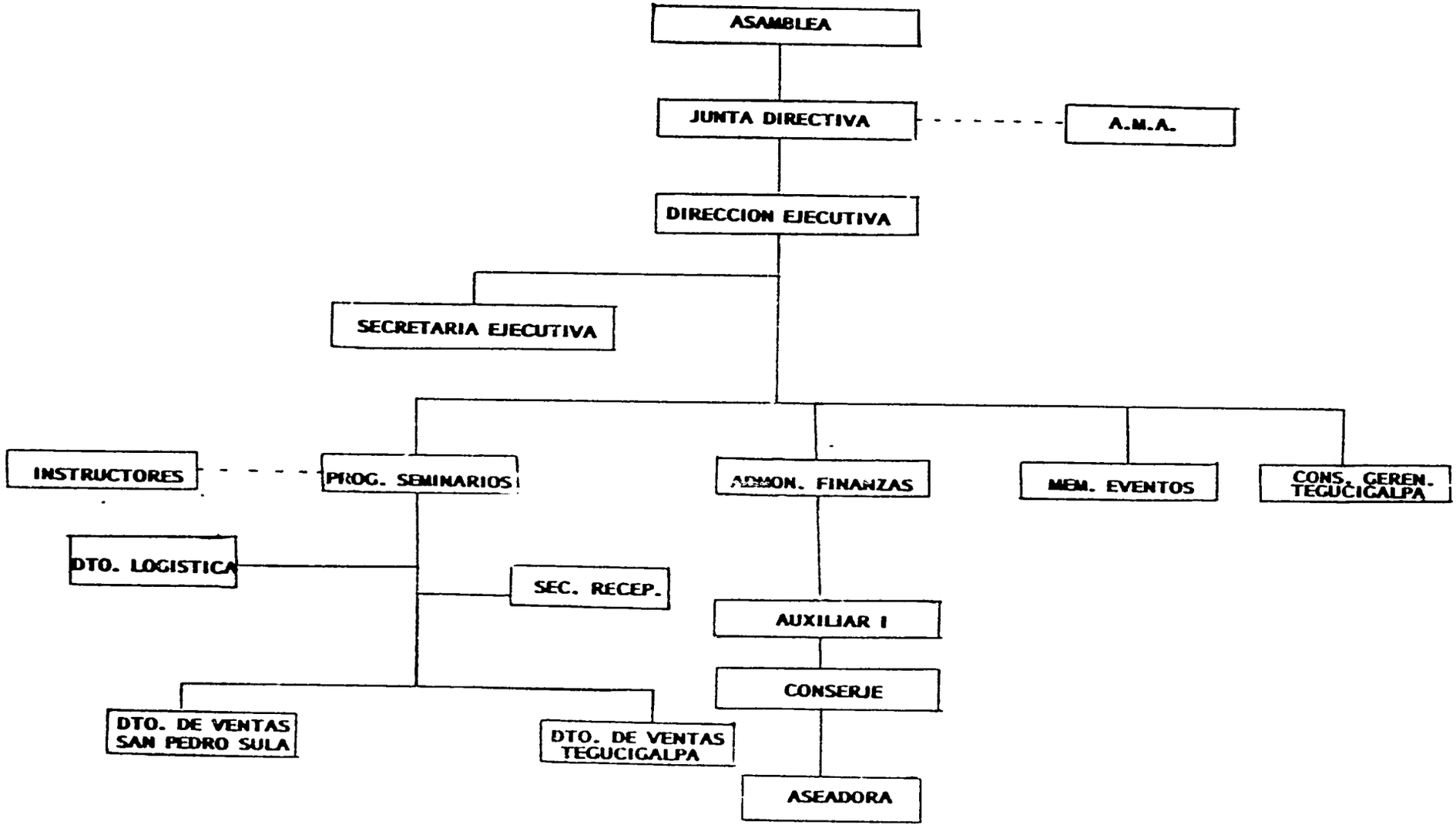
Omar Solórzano

OMAR D. SOLORZANO
CONTADOR - Carnet #8264-4

ANNEXIII

ORGANIGRAMA

GERENTES Y EMPRESARIOS ASOCIADOS DE HONDURAS (GEMAH)



ANNEX IV

PERSON INTERVIEWED

1. GEMAH

Teòfilo Castillo V.	Executive Director
Virgilio Paredes T.	Program Director
Omar Solorzano	Administrative, Finance Director
Ilse Drawert	Membership Director
Carlos Avila M.	Consulting, Tegucigalpa Office Director
José Urdaneta	AMA Adviser
Rene Martinez	President

2. AID

Ned Van Steenwyk	Project Liason Officer
Ted Landau	Project Support Officer
Marcia Bernbaun	Former Project Officer
Orlando Hernández	Evaluation Officer
Henry Reynolds	Education Officer
Wesley Boles	Private Sector Advisor
Juan Butari	Economist

BUSINESS COMMUNITY

Robert Vinelli	General Manager, Embotelladora La Reyna
Ricardo Castillo	Executive Director, CADERH
Leonel Bendeck	Manager, Honduras Fosforera
Zacarias Bendeck	Owner, Honduras Fosforera
Cesar González	Country Secretary for Honduras, INCAE
Feisal Rishmawy	Assistant Manager, Panificadora Bimbo
Roberto Leiva	General Manager, Embutidos Delicia
Arturo Arana	Finance and Credit Manager CEMCOL
Rolando Aplicano M.	Executive Sub Director, INFOP
Maria Lydia Solano	General Manager, Banco de Honduras
José Hendricks	National Employment Service
Gabrill Kattan	General Manager, DIMA
Antonio Hander	General Manager, Laboratorios
Prospero Diaz	UNAH
Delmi de Segovia	Hondutel
Arquimides Jimènez	Zamorano
José Tercero Diaz	Assistant Manager, Embotelladora La Reyna.